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U.S. News & World Report

#21

NEW 'COLD WAR' JUST BEGINNING?

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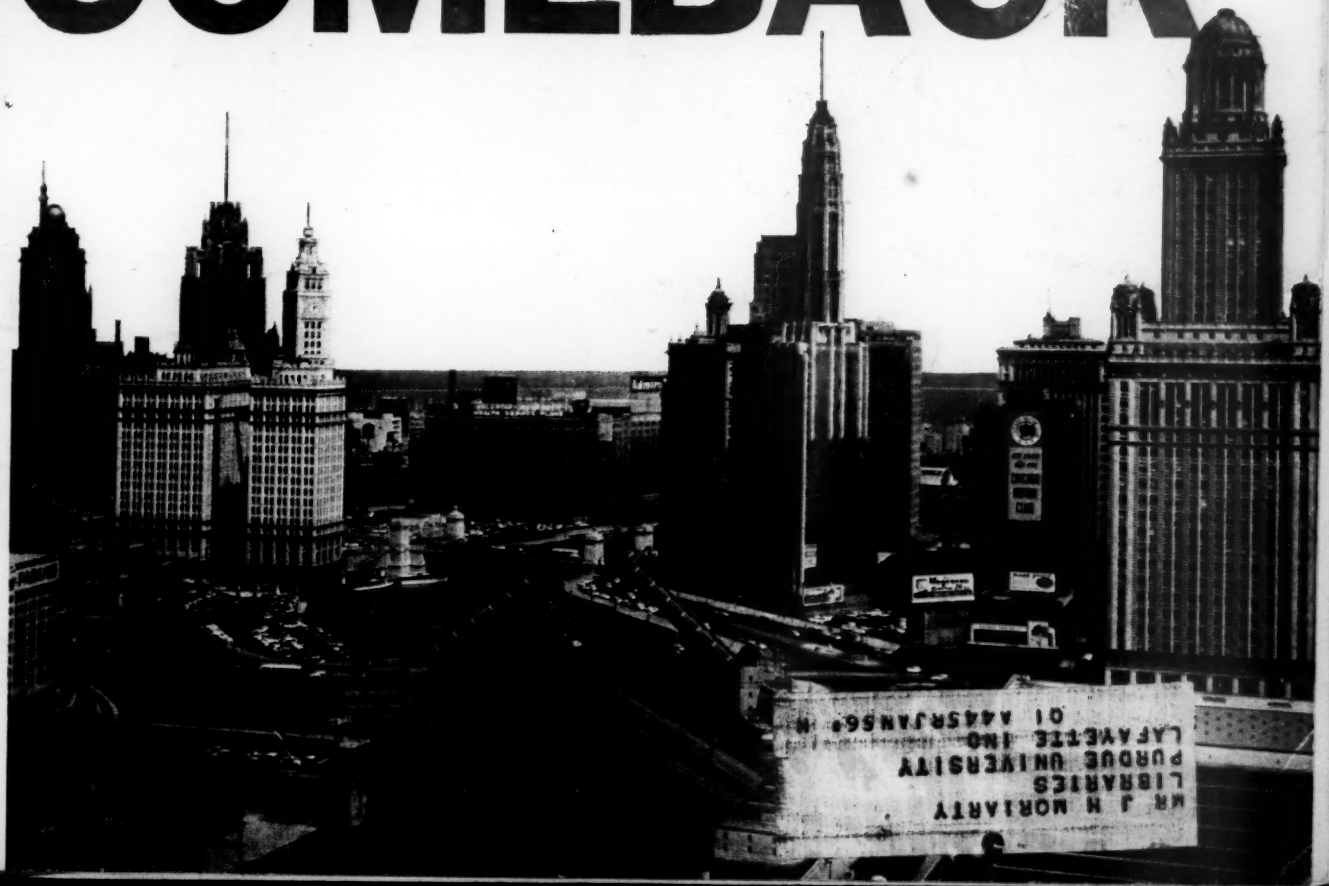
CHICAGO'S COMEBACK



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One-shot treatment

makes lawns sit up and sing!

For the true cause of a sickly lawn first look below ground where turf insects chew away at vital roots. Science has proved that these soil pests sap the strength of lawn and pasture grass.

And science has done something about it with *Dieldrin,* a compound which Shell Chemical supplies to insecticide makers. So potent, so effective is Dieldrin that a single treatment keeps soil insects under control *for several years!* Larvae of June beetles and Japanese beetles, whole colonies of lawn-wrecking ants, chinch bugs, webworms (lawn moths), and sowbugs succumb to Dieldrin in parks, athletic fields, private lawns—as well as in productive pasture land.

Well known as an agricultural insecticide, Dieldrin offers home owners better lawns, lower maintenance. Look for the name Dieldrin on packages where you buy garden supplies.

Shell Chemical Corporation

Chemical Partner of Industry and Agriculture

NEW YORK

"Vision is Indispensable to Progress"

How a speck of crystal is changing your life—your world

Advances so startling that only ten years ago they might have been subjects for science fiction are being chalked up by electronics—the fast-growing industry that harnesses electrons with vacuum tubes and their equivalents. More and more, as human impulses prove too slow to control the latest tools of science and industry, miniature tubes and semiconductor devices, such as 1/10 oz. transistors are taking over.

Today new radars keep tabs on storms and hurricanes, bring in ships and planes. Promised for the future is an electronic unit to lead the blind. Other devices now perform elaborate record-keeping tasks for business.

As the electronic microscope and betatron point to victory over dread diseases, another electronic instrument makes blood counts in seconds. Equipped with tiny transistors, midget radios run for years. New solar batteries take their power from the sun. TV programs recorded on magnetic tape, light amplifiers, electronic air conditioning and other appliances are in various stages of development.

Some of the most impressive work of electronics shows up in industrial controls—"black boxes" packed with electronic magic—which direct rivers of steel, guide precision drilling, measure metal thickness and detect flaws.

Guided by self-reliant enterprise, the electronics industry has already found ways to lighten man's tasks and lengthen his leisure, to entertain, defend and heal him. Only in a free competitive system can progress take such giant strides, achieving so much good for so many to share.

BANKERS TRUST COMPANY

16 WALL STREET, NEW YORK 15, N. Y.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

IN THIS ISSUE

★ Now Buying Exceeds Even "Scare" Levels of 1950

Here is a close, informative look at the phenomenal new level of buying by American families. It shows what lines are sparking the record high volume . . . how the pattern of sales is shifting . . . how much easy credit has to do with it . . . how substantial the new confidence is. Article starts on page 25.

★ How Much Desegregation? Report on the First Year

Just what progress has been made toward desegregation in the first year after the Supreme Court ruling? For the report of one nation-wide survey, turn to page 75.

★ Is Russia Ahead of U.S. in the Air?

What are the facts behind Russia's latest displays of air might—including supersonic fighters and a big new jet bomber? For a tip-off by the U.S. Air Force chief, see page 118.

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WORLD REPORT

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1. The fun-loving Bel Air Convertible 2. The versatile "Two-Ten" Handyman 3. The glamorous Bel Air Sport Coupe

Which one of these Chevrolet sport models would you rather have fun with?

Are you the type that likes to breeze along the open road on a bright summer day with nothing above between you and the blue? Do you like the sound of rain against a snug fabric top? If so, that Chevrolet Convertible in our picture is for you! No question about it. For here's a car that's as young in spirit as you are—and looks it! Even the smart all-vinyl interior is made to live outdoors.

But maybe you like a car that can carry anything from small fry to outboard motors with equal ease. That would be the "Two-Ten" Handyman Station Wagon you see up there (one of five Chevrolet wagons). Here's one car that's so versatile it practically makes you a two-car family all by itself. So low it sets a new height of fashion for station wagons! Practical? If the kids track sand inside, you can wash it out in a jiffy.

On the other hand, if you go for hardtops – and like 'em long, low and dashing – that Bel Air Sport Coupe in the background is just your dish. It's a "show car" from the word go!

Whichever Chevrolet you choose, you're bound to have the driving time of your life! You can't miss with Chevrolet's new 162-h.p. "Turbo-Fire V8" under the hood (180 h.p. is an extra-cost option in *all* V8 models), or with one of the two highest powered 6's in the low-price field. Your Chevrolet dealer is the man to see. . . . Chevrolet Division of General Motors, Detroit 2, Michigan.

STEALING THE THUNDER FROM THE HIGH-PRICED CARS! . . . *motoramic*

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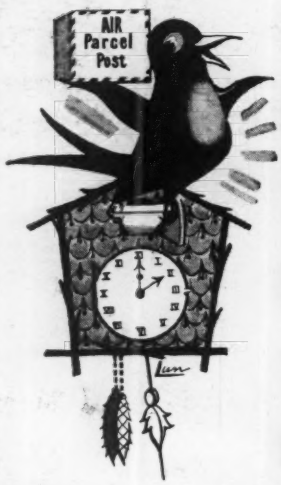
Mail Early
and
Often



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speeds shipping

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The March of the News

MORE FIVE PERCENTERS?

A SENATE PROBE of "influence peddling" turned up what Senator John L. McClellan (Dem.), of Arkansas, said was evidence of "a nest of small grafters" who profited from military-uniform contracts. The investigation, headed by the Senator, brought out testimony that recalled the "5 per cent" scandals of the Truman Administration, although it apparently did not reach such high levels in the Government.

A former chief inspector for the Army testified that he had accepted a $215 home freezer, meat to fill it, and lingerie from a contact man for a uniform manufacturer. A Navy clothing inspector told of accepting $50 a week for a period of "three or four months" from the same man, who was also with a firm making Navy raincoats. Whether these items were outright gifts remained in dispute.

Senator McClellan asked the Justice Department to look over the testimony.

POSTAL-PAY VETO

PRESIDENT EISENHOWER has been chary with his legislative vetoes, but he turned down, with "regret," an 8.8 per cent pay hike for postal workers. Mr. Eisenhower told Congress the pay bill discriminated against many thousands of postal workers, and would cost "substantially" more than was necessary.

Chances still were good for a postal-pay raise this year. Democratic leaders will try to override the President. If they lose, Senator Frank Carlson (Rep.), of Kansas, was ready to push a bill in line with Administration wishes, raising postal salaries by 7.6 per cent and adjusting what the White House regarded as "inequities" in the vetoed measure.

Under the President's plan, average salary for city and rural carriers alike will be raised to $4,359 per year.

ARMED RESCUE?

SENATOR JOSEPH R. MCCARTHY (Rep.), of Wisconsin, sat down and wrote a letter to the President. Pointing out that 481 Americans are reported still held by Red China, the Senator urged drastic action to free them.

The United States, Senator McCarthy wrote, should first cut off aid to countries that trade with Red China. If that failed, he said, a naval blockade should be imposed. If that, too, failed, the Senator said the President should "dispatch a land force under appropriate air cover directly to the Communist prison camps." Mr. McCarthy added that he would be willing to participate in such an action as a lieutenant colonel in the Marine Corps Reserve.

RECORD HOP

THE NONSTOP RECORD for single-engine jets moved up to 4,840 miles as four U. S. Thunderjet fighter-bombers zoomed from Japan to Australia in 12 hours and 10 minutes. Starting from Tokyo, the F-84s refueled three times in the air before landing at Newcastle, Australia.

The flight was a demonstration of the speed with which tactical air groups can move to defend the Pacific—or to launch an offensive. Thunderjets are capable of carrying the atomic bomb.

CODE ON BRAIN WASHING

AMERICAN MILITARY MEN who face brain washing in the future will have a "code of conduct" to guide them. Defense Secretary Charles E. Wilson appointed a committee of civilian officials of the Defense Department and retired general officers to draw up "simple, easily understood" rules for captured Americans to follow.

The 10-member committee, headed by Carter L. Burgess, Assistant Defense Secretary for Manpower, will make its report in about two months.

A GENERAL RECRUITED

THE ATLANTIC UNION movement gained a notable recruit. Gen. George C. Marshall, wartime Chief of Staff and former Secretary of State, agreed to join its 600-member advisory council.

Chief aim of the group is a military, economic and political union of the U. S. and Western European countries. General Marshall said he was "honored to be counted among those who support the unity of free nations."

MORE POWER FROM SUN

USABLE POWER FROM the rays of the sun may soon be available, Israeli scientists announced. Harry Tabor, director of Israel's National Physical Laboratory, was named as the scientist whose discoveries may make it possible.

Main trouble with the solar-energy plants developed to date has been an excessive loss of heat. Mr. Tabor has developed a solar-heat collector that he thinks may lick this problem.

Say "Thanks for your order"

by Long Distance

...and watch repeat sales grow

A "Thank you" by Long Distance is like a friendly handshake across the miles.

In a warm and personal way it tells your customer you appreciate his business. And it helps *your* business, too.

For besides building good will, "Thank you" calls help to build repeat sales. Hundreds of firms have found that acknowledging orders by telephone is an idea that pays for itself many times over.

Why not try it on the next orders you get from out-of-town customers? It will mean a lot to them. It may mean a great deal to you.

LONG DISTANCE RATES ARE LOW

Here are some examples:

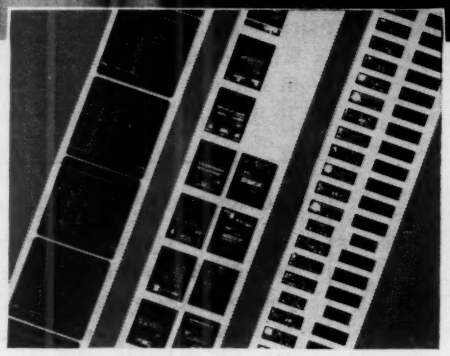
Philadelphia to Baltimore	**55¢**
Boston to New York	**75¢**
St. Louis to Cincinnati	**$1.00**
Atlanta to Chicago	**$1.35**
Los Angeles to Pittsburgh	**$2.35**

These are the daytime Station-to-Station rates for the first three minutes. They do not include the 10% federal excise tax.

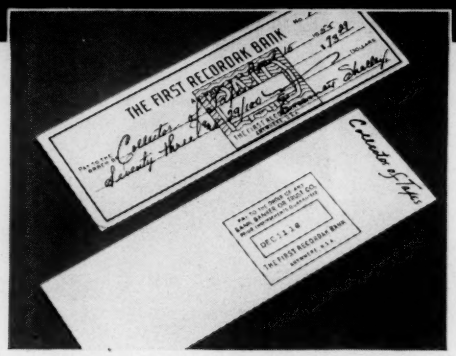
CALL BY NUMBER. IT'S TWICE AS FAST

BELL TELEPHONE SYSTEM

Introducing



To suit your needs. You can photograph the fronts and backs of documents simultaneously side by side on 16mm film; or photograph the fronts down one side, then up the other . . . or across the full width of the film. A specially designed spacing control prevents film waste . . . gives you maximum number of images per foot with automatic or hand feeding. Glass document guides assure sharper pictures.

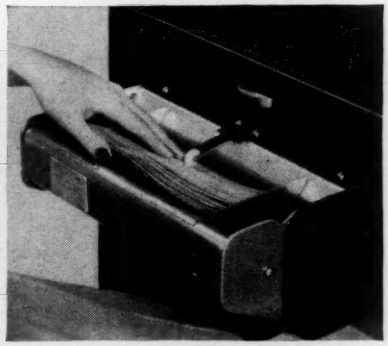


Eliminates a separate job of endorsing checks before deposit in your bank. The Reliant does it automatically in the fast, smooth microfilming run. The time saved quickly pays for the high-precision endorser unit, optional at slight extra cost. This accessory conforms with the Reliant's trim, all-metal design . . . becomes an integral part of the microfilmer when attached.

... the Recordak Reliant

...a sensational high-speed low-cost microfilmer by the originator of modern microfilming. Check its plus features designed for even greater efficiency and economy in business record keeping

Just like having 3 microfilmers instead of 1. You'll be able to photograph your records at any one of three reductions . . . 40 to 1, highest in 16mm automatic microfilmers; 32 to 1; and 24 to 1. Thus, you can always get the right picture size for the job at hand. Takes only a minute to switch lens kits for desired reduction. (One lens kit is included in Reliant . . . other two are low-cost accessories.)



Stops double feeding. The Reliant's revolutionary high-speed automatic feeder sets new standards for accuracy . . . all but ends possibility of missed pictures. If two documents are stuck together, they're halted in feeder. More than 400 3x5-in. file cards . . . up to 140 letters can be photographed per minute. Slightly oversized documents (over 11 in. wide) can be photographed without a wrinkle or tear.

Here's extra protection. Two rolls of film can be exposed simultaneously at all three reduction ratios; and with all three microfilming methods. This is an important advantage when extra films are needed for off-the-premises or vault storage. Or when home office as well as branch office must have copies. Something else—the Reliant accommodates 200-ft. rolls of film, which cuts your film-loading operations in half.

Eye-level stacking. No stooping or reaching by your operator—she sees the documents pouring out . . . neatly stacked in sequence. Receiving tray can be adjusted immediately for varying sizes. All controls are at her finger tips . . . item counter and film-footage indicator can be checked at a glance. *All of these features*—plus many, many more—in the surprisingly low-cost Reliant.

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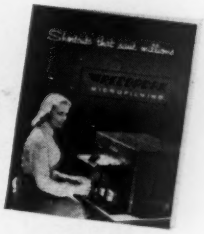
R6

"Short Cuts that Save Millions" shows how you can cut costs with the new Recordak Reliant. Typical case histories show how Recordak Microfilming saves for over 100 different types of business, thousands of concerns. You're bound to profit by reading it.

"Recordak" is a trade-mark



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originator of modern microfilming—and its application to business systems

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Did you know Brewers Yeast is one of the richest sources of Vitamin B complex?

Louis Pasteur, world-famous scientist, in his studies of beer in 1876 discovered the role of yeast in fermentation. This discovery represented a significant contribution to scientific knowledge.

Brewers Yeast, a by-product of the brewing process, contributes to the nation's health by providing us with one of the richest known natural sources of Vitamin B complex and Protein.

Pellagra, for example, once a very active disease has been greatly subdued by the use of Vitamin B complex processed from Brewers Yeast. This same health-protecting by-product of brewing is also being used to enrich baby foods, cereals, and prepared meats. Brewers Yeast is one more example of how beer and brewing contribute to this nation's strength and welfare.

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One of America's Oldest Continuous Non-Profit Trade Associations
Representing over 86% of the Country's Malt-Beverage Production

FROM THE NATION'S CAPITAL

Tomorrow®

A LOOK AHEAD

Newsgram®

24th and N Streets, N.W.
Washington, D. C.

This is the way top leaders size up prospects for "cold war" end:

Eisenhower: very optimistic, confident that Russians will deal now.

Dulles: moderately hopeful, inclined to restrain Ike's optimism.

Military leaders: highly skeptical, suspecting a "trick" designed to weaken U.S. in overseas bases, to overcome U.S. advantage in atomic weapons.

Arguments around the top, already apparent, will grow.

What you notice is this: Army, facing new cuts, is unhappy. Navy is reasonably satisfied. Marines, like the Army, are unhappy about new cuts. Air Force, happy until now, is beginning to complain, to raise new questions.

It's the Air Force's new attitude that is attracting attention.

What the Air Force now says: Russia is making greater-than-expected strides in jet-bomber development, in new planes, maybe in nuclear weapons.

The suggested remedy: restudy, then more money. New aircraft down for 8.2 billions in the year to end June 30, are scheduled at 7.3 billions for the year following that. Air Force goal of 137 wings is questioned as too low.

There is developing resistance to new cuts in military spending, growing pressure for expansion in some fields, maybe more spending rather than less.

You'll begin to notice these things, too:

Draft plans, tighter Reserve programs will have trouble in Congress.

Tax cuts, quite big ones, will be promoted more strongly.

The urge in Congress, politically, already is running in a direction not pleasing to the military services. The apparent fear is that this urge will be fed by disarmament talk in the election year ahead.

Tax cut of 5 billions, being talked by Republicans, calls for this:

Individuals--a 10 per cent cut across the board; cost: 3.2 billions.

Corporations--a drop from 52 to 50 per cent; cost: 800 millions.

Excises--scheduled cuts on all but liquor, gasoline and cigarettes; Cost: 500 millions; if liquor, gasoline and cigarettes are added, cost goes to 1 billion.

A reduction in corporation tax rate from 52 per cent to 47 per cent, being suggested, would cost 1.9 billion dollars. That probably is a larger cut than Congress will go for if the alternative is less of a drop in individual taxes.

Tax cuts, quite probably, will precede a surplus in the budget.

Biggest issue, when taxes next are reduced, will revolve around whether to favor lower income groups or to give relief to all taxpayers. Republicans will tend to favor a shift back toward pre-Korea taxes for all groups. Most

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Democrats probably will vote on the side of special favors for lower incomes.

Odds are slightly on the side of a flat percentage cut.

Dividend relief, now in effect on a limited basis, is unlikely to be modified or repealed. Capital-gains tax, most probably, will stay as it is. Depreciation allowances are unlikely to be altered.

Tax cutting will be the most popular political activity of 1956.

A new round of wage increases now seems assured for this year.

A steel-wage rise of 10 to 12 cents an hour is being predicted. Autos will give an increase, at least part in a pay check, maybe some in a special fund to supplement unemployment insurance in event of employment cuts later.

Pay raises, actually, are being sprinkled over industry now.

Higher pay, where given, is adding to costs. These increases, often, are being passed along. Prices of many products are creeping up again.

There's a sort of creeping wage-price inflation. It's more in wages than in prices, but price rises are noticeable in many fields.

Tax cuts, if combined with pay boosts, can be quite a force in 1956.

Business activity itself is tending now to level out after a rise. Steel is about as high as it can go. Autos may be passing their peak.

TV sets, appliances, other products are fully up to demand.

Result: Some seasonal slowing is almost sure for the third quarter. A resumed upturn seems equally sure for the autumn and winter months.

There simply aren't any real danger signs yet in sight.

Auto industry, optimistic, is expanding on a broad front. Ford is to add 625 millions in new facilities in next three years. General Motors is going ahead with broad plans. American Motors is to spend 65 millions.

What auto makers see ahead: Families--increase of 17 per cent by 1965. Incomes--trend up, with most above $5,000. Markets--14 million families even now are without cars; one-car families are 88 per cent of the total, yet trends to the suburbs call for two cars. Old cars--even now, with all of the new cars, 13 per cent of the automobiles on the road are prewar.

New demand, plus replacement demand, is viewed by automobile makers as justifying optimism over the long-range outlook for their industry.

It is apparent now that the polio-vaccine program was rushed too fast.

Vaccine, researchers remain convinced, does have a favorable effect. Mass production of the vaccine, and testing procedures, however, may have left at least something to be desired. Rush program has led to unexpected troubles.

Polio season, now at hand, may not be the best time to inoculate on a mass basis, may pose some new problems.

Official confusion, conflicting statements are resulting in a good deal of skepticism that could be difficult to remove later on.

All remains rather quiet in the field of politics. Mr. Eisenhower, by refusing to become very angry with anyone, makes partisanship difficult.

Democrats, looking for issues, are not yet able to settle on any that seem effective against the repeated promises of peace and prosperity.

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NEW ASSEMBLY LINE SPANS DETROIT'S JEFFERSON AVENUE! To keep pace with the greatly increased demand for the five cars of THE FORWARD LOOK, Chrysler Corporation has under way $120,000,000 worth of plant expansion. The $20,000,000 project which is shown here in part, will increase the manufacturing capacity of Chrysler and Imperial cars by 40% !

This, Too, Is THE *FORWARD* LOOK

You *know* what the public acceptance of THE FORWARD LOOK has been. Hundreds of thousands of motorists are finding the 1955 Plymouth, Dodge, De Soto, Chrysler and Imperial a source of new and wonderful motoring pleasure.

To meet the growing demand for its cars, Chrysler Corporation is going full speed ahead—with extensive expansion of plant, design, engineering, research and testing facilities. The dirt is really flying!

THE FORWARD LOOK is a dynamic, progressive attitude that underlies all Chrysler Corporation activity. It is the reason you can expect better performance, newer styling and more lasting value in a car from Chrysler Corporation. See and drive the cars of THE FORWARD LOOK now—you'll find they offer you benefits you can't get at any price in cars of other makes!

THE FORWARD LOOK is on the move! Keep your eye on it!

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Washington Whispers®

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Ike Mentions Five for Presidency . . . California Safe for Nixon? . . . Molotov Reported on Way Out

President Eisenhower has mentioned to friends the names of five younger Republicans considered by him to be competent to take over the Presidency. The five are: Richard Nixon, Vice President; Harold Stassen, White House adviser on disarmament; Henry Cabot Lodge, Jr., U. S. representative to the United Nations; Christian Herter, Governor of Massachusetts, and Herbert Hoover, Jr., Under Secretary of State.

★ ★ ★

The President will make known his own attitude toward seeking a second term in the White House by or a little before March, 1956. Mr. Eisenhower has his closest aides still guessing as to his intentions.

★ ★ ★

William Knowland, California Senator and Republican Senate Leader, is not among those mentioned by President Eisenhower as a potential successor. A President who is not to succeed himself still can greatly influence the choice of his party's nominee for the White House.

★ ★ ★

Governor Goodwin Knight of California is reported to be making political peace with Vice President Nixon. This move followed a talk between Governor Knight and President Eisenhower. California Republicans read into the talk a sign that Ike will run again, with Nixon in second place on the ticket, opening the way for Governor Knight to try for the Senatorship now held by Thomas Kuchel.

★ ★ ★

Adlai Stevenson, Democratic nominee for the Presidency in 1952, was sharply criticized in South Africa for avoiding a meeting with Prime Minister Strijdom of the Union of South Africa, and then spending an evening with nonwhite leaders, who violently oppose the Government's segregation policies.

★ ★ ★

White House aides report that President Eisenhower is even more optimistic about deals with Russia that would bring truce in the "cold war" than is John Foster Dulles, Secretary of State. The President is telling visitors that he hopes to assure people before the elections of 1956 that the basis is laid for peace.

★ ★ ★

The White House is going out of its way to make clear that President Eisenhower favored talks with the Russians, aimed at ending the "cold war," long before Senator Walter George, Democratic chairman of the Senate Committee on Foreign Relations, advocated such talks.

★ ★ ★

President Eisenhower and State Secretary Dulles deliberately are giving praise to Gen. George Marshall and Dean Acheson, former Democratic Secretaries of State, for the foreign policies that the White House considers now to be paying off in dealing with Russia.

★ ★ ★

V. M. Molotov, Russia's Foreign Minister, is reported to be on the way out, with his departure to precede Big Four talks. Molotov is the man who has arranged most of the double crosses for Russia in years running back to prewar. He also is associated with leadership in some of the bloodiest Communist purges.

★ ★ ★

Joseph Dodge, Detroit banker, former Budget Director, special aide to President Eisenhower, is the man who backstage is making the big decisions on policy when conflict arises among Ike's Cabinet members and other top advisers. Mr. Dodge, who keeps completely out of the limelight, has the full trust of the President.

★ ★ ★

Sherman Adams, staff chief to the President, now is following a policy of signing only those letters that give affirmative replies to requests made of the White House. Others at the White House sign the letters that give negative replies. Mr. Adams is said to feel that he already is the target of too many critics who have gripes to make because he had to refuse their demands.

★ ★ ★

Gen. Alfred Gruenther, Supreme Allied Commander Europe, is not as alarmed as are U. S. Air Force commanders in U. S. about reports of Soviet jet bombers comparable to the U. S. B-52s, capable of flying 6,000 miles nonstop without refueling. American commanders on the ground in Europe incline to the view that Russians are more overrated than underrated in a military way.

★ ★ ★

American observers in Russia have seen in flying formation 10 B-52-type jet bombers; 50 jet bombers of shorter range, in the class of the U. S. B-47; 9 large turboprop bombers or tankers; 30 all-weather jet fighters and 50 jet day fighters. It is this information that is causing the U. S. Air Force to consider raising its sights on air power.

★ ★ ★

The Far Eastern war that Adm. Robert B. Carney, Chief of Naval Operations, was reported to have been looking for by April 15 now is being projected forward to next year. Some military officials are surprised how quickly the words Quemoy and Matsu disappeared from the front pages.

How a fancy doughnut and a pioneer lumberman's home said "Wausau Personality" to General Mills' Chairman **Harry Bullis**

Wausau Story

The Historical Society's Lowell Miller, and Mr. Bullis.

Visiting Wausau at the invitation of Employers Mutuals, Mr. Bullis saw special meaning in the Cyrus Yawkey home. "50 years ago, this picturesque place was the home of one of Wausau's pioneer lumbermen. It's being made into a museum. That's Wausau. It has respect, even affection, for the past—and yet a healthy awareness that it *was* the past. The passing of the great lumber days never stopped Wausau."

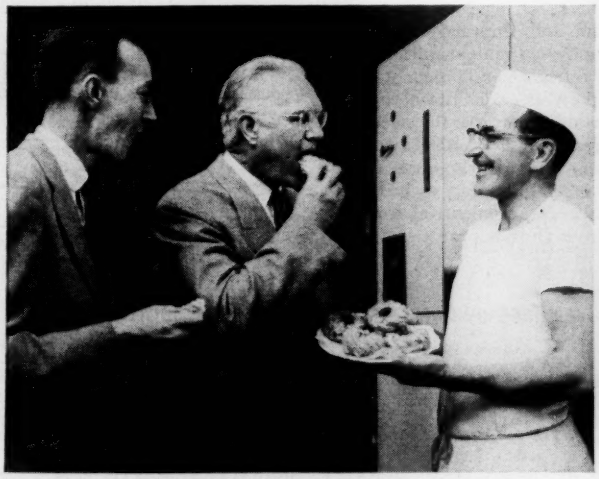
Mr. Bullis found a good *personality* about Wausau. You'll find it too—in Employers Mutuals' representatives wherever you are. We have a reputation for being *good people to do business with.*

Our specialty is workmen's compensation insurance. Many of the country's largest firms are our policyholders. Yet a great part of our business is with companies employing a small number of people.

Policyholders like the way we handle their claims—with a speed unexcelled in the business and a fairness that bends over backwards. They like the *extras,* in service and understanding, that are behind every Employers Mutuals' policy.

Larger policyholders especially like our fresh, enlightened view of workmen's compensation. We don't believe such insurance is just a way to pay accident claims. Under Employers Mutuals' supervision, it can actually lower costs of production and improve over-all profits. May we show you how?

Employers Mutuals writes all lines of casualty and fire insurance. Phone our nearest office, or write Wausau, Wisconsin.



Hal Haverson of General Mills and Mr. Bullis relish a taste-test of Ray Gregory's "Parisian Puffs."

"If I were going to open a bake shop, it would be one like Ray Gregory's. High quality foods and a wide variety of them. Wausau people, like most Americans, want quality, and they support those businesses that provide it.

"I wish I hadn't missed the Saturday Bake Sale at the Public Service display rooms. They tell me Wausau housewives make good home-made bread."

Mr. Bullis "baby-sits" with young Duane Ninnemann while Mother shops.

"Miller's Supermarket typified Wausau's present and future, as the Yawkey home symbolized the past. Julius Miller had done business downtown for 30 years. Recently, he and his son opened this spacious, beautifully laid-out store in an out-lying district . . . the first store in a projected modern Shopping Center.

"Good people to work with, live with, be with. Yes, that's Wausau."

Employers Mutuals *of* Wausau

Highlights from a report to the largest meeting of share owners ever assembled

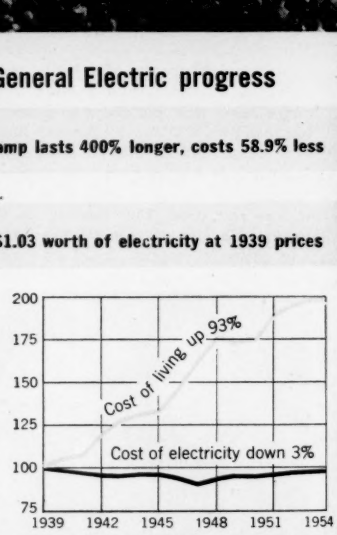
President Ralph J. Cordiner's recent report to the 329,000 owners of General Electric emphasized that the company's progress has been made in the interests of customers, share owners, employees, suppliers and the public. Here are highlights of his talk, covering the period 1939-1954, given before 3,284 of the share owners. This is the largest number that ever gathered for any company's annual meeting.

How customers shared in General Electric progress

PRODUCT QUALITY UP • Example: Today's 40-watt fluorescent lamp lasts 400% longer, costs 58.9% less

COST OF ELECTRICITY DOWN • A dollar today will buy $1.03 worth of electricity at 1939 prices

New and improved products like the convenient wall-mounted refrigerator (*shown at left*) make work easier, life more comfortable—increase the need for electricity. Today the average home uses nearly three times as much electricity as in 1939; the average industrial worker, more than twice as much.



Improvements in G-E turbine-generators were a major factor in reducing the cost of electricity.

How share owners shared in General Electric progress

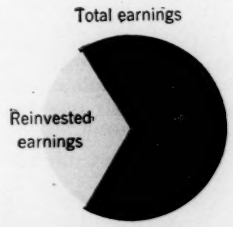
OWNERS MADE GROWTH POSSIBLE • $534 million of total earnings was reinvested in the business

DIVIDENDS UP • General Electric paid 47¢ per share in 1939, $1.53 per share in 1954

Share owner equity went up as a result of an aggressive policy of expansion. 34 cents out of every dollar of earnings was reinvested in the business; share owners' equity increased from $324 million in 1939 to $1,023 million in 1954.

• • •

◀ President Ralph J. Cordiner, at the annual meeting, welcomes Mr. and Mrs. William Roesch. Mr. Roesch, operator of a meat market in Buffalo, is General Electric's 300,000th share owner.



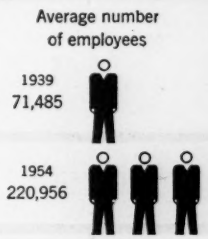
For Mr. Cordiner's report, highlighted on these pages, plus a record of the annual meeting, write General Electric, Dept. C2-117, Schenectady, N. Y.

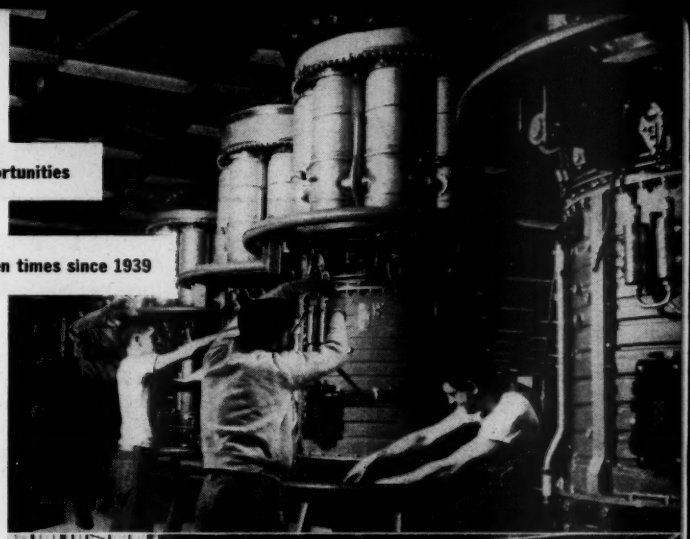
How employees shared in General Electric progress

NEW JOBS CREATED • Example: Research and development created 70,000 job opportunities

WAGES UP • Example: Compensation and other benefits have grown more than seven times since 1939

New machines and new methods have made work cleaner and safer for our employees while keeping our products competitive. More than 70% of General Electric's post-war investment program of one billion, one hundred million dollars is for new and better equipment.



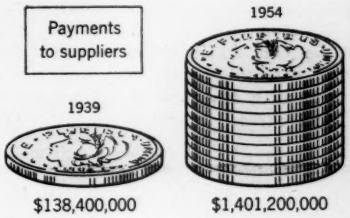


How suppliers shared in General Electric progress

MORE PURCHASES FROM MORE BUSINESSES • General Electric suppliers increased to 40,000

PAYMENTS for materials, supplies, and services have grown more than 10 times

A significant contribution of General Electric to the progress of its suppliers is the periodical Value Analysis Seminars. Fresh, creative thinking is encouraged. Suppliers are invited to contribute suggestions on improvements in our products, or ways in which their services or products can be better used.

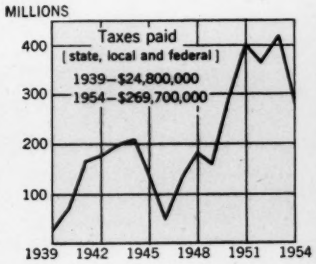


How the public shared in General Electric progress

ATOMIC PROGRESS SPEEDED • General Electric has been actively engaged in atomic development since the 1930's

MANY AREAS BENEFITED • Example: General Electric now has 135 plants in 105 cities in 28 states

General Electric is engaged in more atomic projects—for peace and defense—than any other company. For example, we have contracted to: Build the largest peacetime atomic electric plant yet announced • Operate Hanford Atomic Works • Build an atomic reactor for submarines • Develop aircraft nuclear propulsion.



Progress Is Our Most Important Product

GENERAL ELECTRIC

PEOPLE ★ ★ ★

OF THE WEEK

› RICHARD B. RUSSELL, a highly respected Democratic Senator from Georgia, is getting into an investigation that may well bring about a quiet, behind-scenes speed-up in production and development of U.S. air power. Senator Russell, as chairman of the Senate Armed Services Committee, is to look into charges by some Democrats that the U.S. may have lost its long-vaunted air superiority to Russia.

Veterans around the Capitol do not expect a three-ring circus from the investigation. They recall that Senator Russell conducted the inquiry into the dismissal of Gen. Douglas MacArthur from command of the Korean war—and that he conducted it searchingly, gently, and quite firmly. Senator Russell is known as a stout advocate of superior U.S. armed strength, but is not prone to giving away secrets.

Most of the investigation may be conducted by a subcommittee headed by the Democratic Majority Leader, Senator Lyndon B. Johnson, of Texas. Experts on Soviet intelligence and American air power will be summoned behind closed doors. Any public hearings will omit secret, technical details. But, if Senator Russell finds that the U.S. is falling behind, you can expect him to work for a big shake-up in the air program.

› SIR WINSTON CHURCHILL finally brought life and color into one of the dullest election campaigns in Britain's history. Pink and vigorous after a vacation in the sun, the former Prime Minister rode full tilt at the record and leaders of Socialism.

The Socialists, he said, have "no plan except to bring back the restrictions we have got rid of. . . ." Then Churchill got personal. Referring to the struggles between Clement Attlee, former Labor Prime Minister, and the left wing of the Labor Party, Sir Winston said of Mr. Attlee: "The best he can do is be a piebald"—a horse of two colors.

Mr. Attlee answered with a review of Sir Winston's political career, in which Sir Winston started as a Conservative, became a Liberal, moved back to the Conservatives. "He has always been a bit of a chameleon—that funny little animal," said Mr. Attlee.

Britons tend to look down their noses at name-calling in U.S. elections. But in their own way they were at it themselves.

Public-opinion polls agreed that Sir Winston's Conservative colleagues had a big edge, should win the election easily. But pollsters, remembering how wrong they were about the Labor landslide of 1945, were a bit uneasy.

› SOVIET WATCHDOG along the Iron Curtain is to be rough, tough, battle-tested **Marshal Ivan S. Koniev.** Under the Warsaw Agreement among the Soviet Union and its European satellites, Marshal Koniev is to head a unified command of Communist armies.

The Kremlin, in fact, has called the tune for military marches in the Iron Curtain area ever since the end of

(Continued on page 18)

A PENSIVE PRESIDENT—ALONE

—USN&WR Photo

› PRESIDENT EISENHOWER is shown in a rare picture—completely alone—as he walks in somber thought from White House office to living quarters after Tuesday's broadcast on foreign affairs. On his mind are such problems as world peace, the polio vaccine, perhaps even a personal political question: "Shall I run in '56?"

"No, it isn't CANCER . . ."

PEOPLE are beginning to realize that there is much needless worry about cancer. For example, the American Cancer Society reports that at a typical cancer clinic, where large numbers of people are examined, *only about one out of every 125 is found to have cancer.*

Thanks to medical progress, the spirit of hopelessness that once surrounded cancer has been replaced by rising optimism. This is based in part on the increased number of lives now being saved. Records of the American Cancer Society, for instance, show that skin cancer, discovered early and treated promptly and properly, is curable in 85 percent of the cases.

What developments hold great promise for the future? For one thing, there are the advances achieved in both diagnosis and treatment. Cancer of certain internal organs, for example, can now be detected by searching under the microscope for cancerous cells cast off into body fluids. This yields clues to so-called "silent cancers," or those which have not caused noticeable symptoms. It is in this stage that the disease is often curable.

One great hope of cancer research today is that drugs will be found to cure both localized and widely spread cancer. Already there are chemicals which can slow down . . . and even stop for awhile . . . the growth of some types of cancer cells. Today, however, only surgery and radiation offer hope of cure or control.

Cancer's Seven Warning Signals

1. **Any sore that does not heal.**
2. **A lump or thickening in the breast or elsewhere.**
3. **Unusual bleeding or discharge.**
4. **Any change in a wart or mole.**
5. **Persistent indigestion or difficulty in swallowing.**
6. **Persistent hoarseness or cough.**
7. **Any change in normal bowel habits.**

While the sweeping search of science goes on against cancer, everyone . . . especially those who are middle-aged and older . . . should take these two wise safeguards:

1. Learn the seven danger signals listed here that give early warning of the possibility of cancer. Remember, these signals are not sure signs of cancer.

2. Have periodic medical examinations. These are especially important because about 50 percent of all cancers occur in body sites that can be readily examined by the doctor.

Cancer still ranks second as a cause of death—but cancer is *not* hopeless. Even with today's weapons, we are . . . according to the American Cancer Society . . . saving the lives of 70,000 people each year from cancer.

Metropolitan Life Insurance Co.
1 Madison Ave., N. Y. 10, N. Y.

Please mail me a free copy of your booklet on Cancer, 655-K.

Name_____

Street_____

City_____ **State**_____

CONTINUED

World War II. The unformalized fact now is legally set down on a treaty paper. The result is that Soviet leaders now have legal ground to maintain armed strength in the satellite nations for the next 20 years. Soviet forces will remain on the scene, to overawe and defeat any attempts to gain freedom through revolution in the restive satellites.

Koniev is a battlefield officer, but he is also a devoted follower of the upper echelons of Communism, was a favorite of Stalin. If there is a strong man emerging from the Soviet Army command, Koniev is the man. He is said to be at odds with the gentler Marshal Georgi Zhukov, whom he succeeded in top command in 1946 and who is now Defense Minister. He also headed the military court that liquidated Lavrenti P. Beria, former secret-police chief.

➤ **NEW COMMANDER** in the touchy area where the U. S. still faces Chinese Communist troops across the Korean cease-fire line is to be a 55-year-old expert on war plans, **Gen. Lyman L. Lemnitzer.** When Gen. Maxwell D. Taylor becomes Army Chief of Staff at the end of next month, General Lemnitzer will succeed him as Commander in Chief of both the Far East Command of U. S. forces and the U. N. Command.

General Lemnitzer, only a major at the time of Pearl Harbor in 1941, has advanced rapidly since then. Early in World War II he was in the War Plans division of the General Staff, did much of his wartime duty in Europe and North Africa as a staff planner.

Staff duty, however, did not keep General Lemnitzer from high adventures. He participated in Gen. Mark W. Clark's secret submarine mission to North Africa in 1942, helped negotiate Italy's surrender in 1943, managed Allied talks in Switzerland that brought about unconditional surrender of German armies in Italy and Southern Austria a week before Germany's total capitulation.

The General is something of a daredevil. He qualified as an Army parachutist at the age of 51, later commanded the Seventh Infantry Division in Korean war. He returned to the Far East last March after a two-and-one-half-year assignment as Deputy Chief of Staff for plans and operations in Washington.

➤ **MRS. OVETA CULP HOBBY,** if present signs mean anything, may become the second Cabinet member to depart from President Eisenhower's official family. Only other member of the original Eisenhower Cabinet who does not still hold his job is the former Secretary of Labor, Martin P. Durkin. Mr. Durkin left after a blowup over a labor policy.

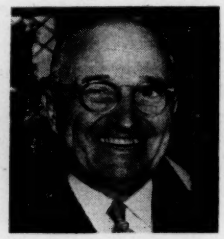
In the case of Mrs. Hobby, only pressing personal reasons are likely to cause her to resign as Secretary of Health, Education and Welfare before the confusion over manufacture and distribution of the Salk polio vaccine is settled. She hopes to ride out that storm, which includes some quite sharp criticism of her in Congress. However, President Eisenhower already is laying the groundwork for her to leave office gracefully by making public announcement that she may have to resign for personal reasons.

Mrs. Hobby's husband, William P. Hobby, is 77 and ailing. Recently he was hospitalized in New York. Last week, Mrs. Hobby accompanied him to their home in Houston, planned to stay home for four days to rest.

WHAT PENSION OFFERS EX-PRESIDENTS AND FIRST LADIES

➤ **EX-PRESIDENTS** are to get lifetime pensions of handsome sums under a bill passed unanimously by the Senate, still pending in the House. Widows of Presidents also would get pensions.

MR. HOOVER



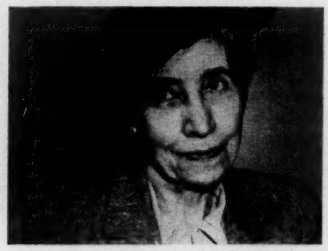
MR. TRUMAN

Pay for former Chief Executives has been a matter of intermittent national concern since the days of President Grant, who had to pawn even his swords and souvenirs at one time after leaving office. Fighting off the agony of throat cancer, he finished his memoirs a few hours before his death, to leave an estate for his family. The problem has recurred. For instance, former President Wilson needed friends, aid to pay off a mortgage on his Washington home.

Under the present proposal, each ex-President would get senatorial pay of $22,500 a year, free mail, a free suite of "appropriate" offices, and a staff of aides paid a total of $57,000 a year. Widows would get $10,000 a year.

Two former Presidents, Herbert Hoover and Harry S. Truman, and three widows, Mrs. Woodrow Wilson, Mrs. Calvin Coolidge and Mrs. Franklin D. Roosevelt, are eligible for pensions. Mr. Hoover and Mrs. Roosevelt, both well off, have indicated they would not accept them.

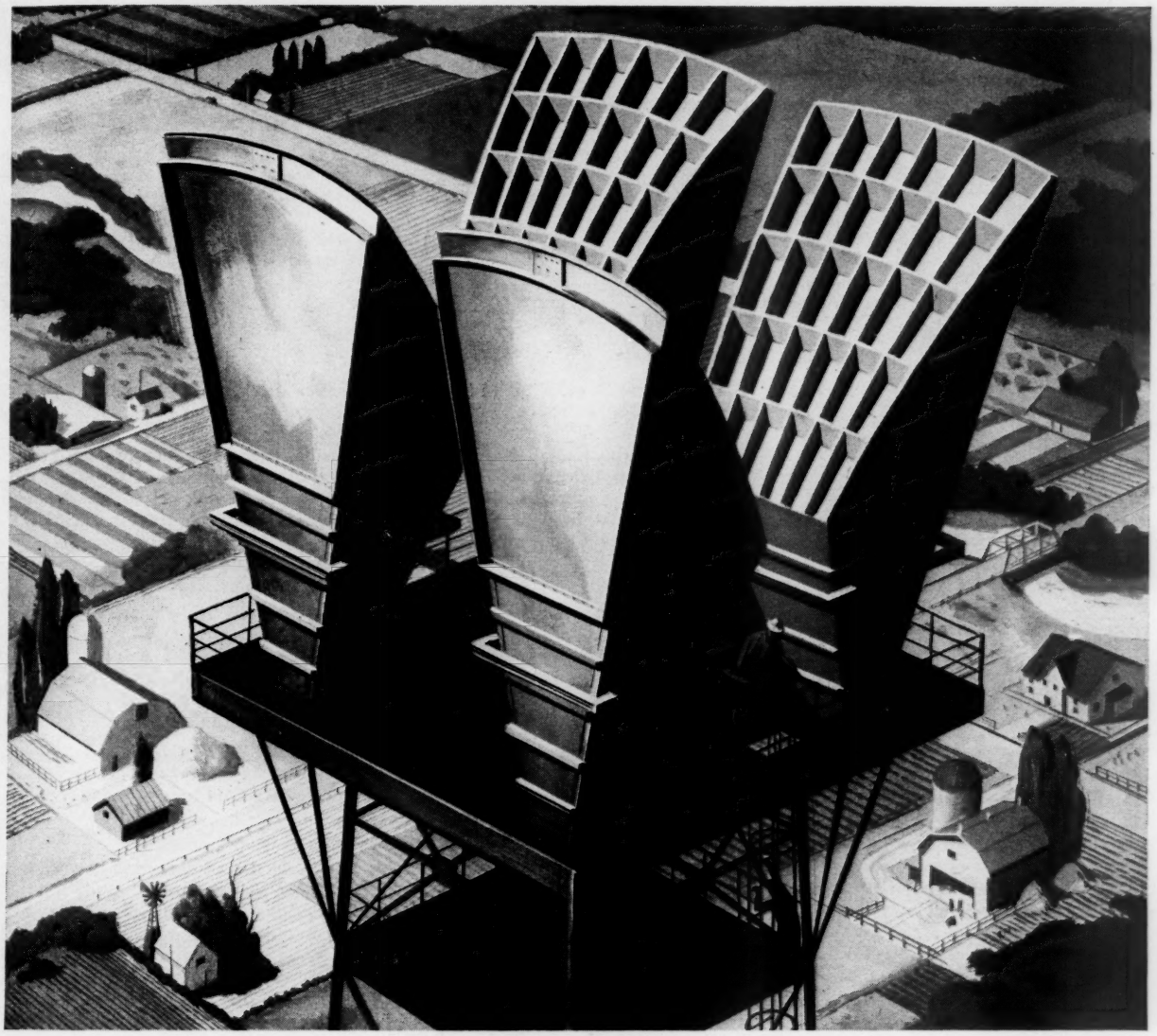
MRS. WOODROW WILSON



MRS. CALVIN COOLIDGE

—Harris & Ewing, United Press, Wide World

MRS. F. D. ROOSEVELT



The Silent Horn

It will never make a sound — but it soon will be delivering clearer words and pictures by the million across the land.

As a result, you will enjoy better radio, long distance telephone and TV reception than ever before.

Developed by Bell Telephone Laboratories and Western Electric — and built by Goodyear Aircraft Corporation — the new horn-type antenna atop this structure will make it possible to "superimpose" sound and image signals on microwave radio frequencies and relay them across the land *via air instead of wires.*

Twenty feet high, with a difficult double-contour parabolic reflector fabricated of aluminum — it is completely weatherproof, built to endure weather conditions from desert to arctic for 20 years without maintenance, to survive 150-miles-per-hour hurricane winds without interruption of service.

It is an example of aircraft metalworking and fabricating techniques, special laminated plastics and structural design abilities developed by Goodyear Aircraft.

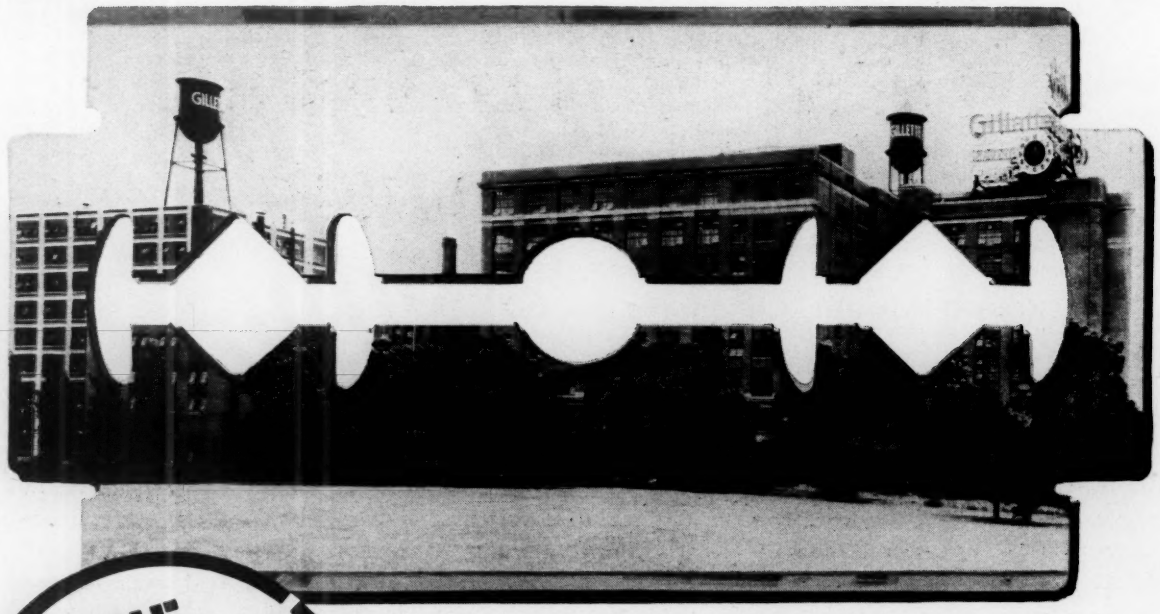
Today these and other skills — born of success in aeronautics — are serving many customers both within and outside the aircraft industry.

For information on how they might help you, write:
Goodyear Aircraft Corporation, Akron 15, Ohio

GOODYEAR AIRCRAFT

New Materials and Methods for Industry — the result of aircraft pioneering

GILLETTE SAFETY RAZOR COMPANY



THE TOUGH JOBS GO TO TEXACO

LOOK SHARP
FEEL SHARP
BE SHARP

— that's what Gillette says and sharp is what Gillette *is* when it comes to selecting lubricants for its South Boston, Mass., plant. For 5 years, Gillette has been using Texaco Cleartex Oil both as cutting coolant and machine lubricant on automatic screw machines. And Gillette has been *getting* long tool life ... fine finish ... and top machine protection. Result: production has kept *up* — and costs have stayed *down.*

GILLETTE is just one of the many fine companies which have achieved top results with Texaco. There are three good reasons for this wide acceptance: *field-proven* Texaco Lubricants, developed with the aid of the finest research facilities available . . . *field-experienced* Texaco Lubrication Engineers to advise on their use . . . and *fast, efficient service* from over 2,000 Texaco Distributing Plants in all 48 States. This combination can help bring production *up* . . . and costs *down* . . . in every major field of industry and transportation.

One agreement of sale supplies all your plants wherever located. For details, call the Texaco Distributing Plant nearest you, or write The Texas Company, 135 East 42nd Street, New York 17, N. Y.

TEXACO
INDUSTRIAL LUBRICANTS

TEXACO
REG. T.M.

VOLUME XXXVIII—No. 21 U.S. News & World Report WASHINGTON, D. C.

NEW "COLD WAR" JUST BEGINNING?

Russia Opens Offensive to Get U. S. Out of Europe

Peace isn't here just yet, for all of the Communists' sweet talk.

Russia is out to make idle bystanders of Europeans. They are told to lower their guard, to send American "troublemakers" home.

Germany, now rearming as a Western ally, is a big target. France and Italy, too.

A lot of fast diplomacy lies ahead. Russia is trying to put over a deal on "peace and neutrality" at a time when the entire Communist empire is in deep trouble.

U. S., too, has ideas about peace. But the Americans, ready to talk, see the new phase of "cold war" as more dangerous than ever.

Reported from
WASHINGTON, PARIS and BONN

Fast developments abroad now are taking the United States and Soviet Russia into a new form of "cold war."

Soviet Russia is out to get Europeans to relax, turn "neutral," order the U. S. to pick up its forces in Europe and go home.

Job now, for the U. S., is to keep the Western Alliance from dissolving in a one-sided "relaxation of tensions," to prevent the Communists from snatching victory from defeat.

First phase of cold war gave the Communists big gains. They took Eastern Europe. They also took mainland China and parts of Korea and Indo-China.

Second phase, overlapping the first, has brought victories to the U. S. and its allies. West Germany became sovereign, free to rearm as a Western ally. There is a boom in the West, a slump behind the Iron Curtain. There is a struggle for power in the Kremlin. The Communists are showing deep weakness.

And now—The new phase has started with a Soviet retreat. Suddenly there is a peace treaty for Austria. Suddenly Moscow is ready to forgive Yugoslavia, a rebel. Suddenly Communists seem to be all sweet reason, ready to forgive and forget.

This rapid shift by Communists has brought public expressions of guarded optimism from leaders of the West. But, privately, the same officials are wary. They agree that this is a time for extraordinary care and caution.

Moscow's retreat, as these officials see it, is only a retreat, not a rout. The Western Alliance, they say, has won battles, but not the cold war. Communists are withdrawing, in an orderly manner, to previously prepared positions.

—Hesse in the St. Louis Globe-Democrat

"NEW AMMUNITION—THE RUSSIAN LULLABY"
Its purpose: to gain time

Moves taken by the Kremlin, though rapid, were planned long ago to provide another strategy in the event that the Western Alliance succeeded in getting a sovereign Germany, an agreement to rearm Germans as allies.

Austria's peace treaty, for example, has been ready for years. Yugoslav Communists, too, have always said that they were ready to talk to Soviet leaders as equals, not as satellites. And the Soviet "Eastern NATO" of satellite states, set up with much fanfare at Warsaw, could have been created any time.

Point of all this, as President Eisenhower and his Secretary of State, John Foster Dulles, are advised, is that Soviet Russia wants to gain time.

Communist leaders want time to woo the Germans away from the Western Alliance. They want a halt to the arms race in which they lag. They seek time to recover from internal troubles, time to stir up more troubles among the allies of the U. S. They want the West to lower its guard, to "relax tensions," to send U. S. forces back home, out of Europe.

Looking into the future. Caution, rather than optimism, is the watchword among top officials in

SOVIET RUSSIA'S LATEST SCHEME FOR EUROPE

A Belt of Neutral Nations— Real Target: Germany

★ **What Moscow wants now is a bloc of neutral nations from the Arctic to the Adriatic through the heart of Europe.** ***As Russia plans it:***

Norway and **Denmark** would quit the North Atlantic Treaty Organization, joining **Sweden** and **Finland** in neutrality.

Western Germany, main target for Moscow, would join **Eastern Germany,** quitting the West, remaining neutral with Soviet "guarantees."

Austria, now free, would stay neutral like **Switzerland.**

Yugoslavia, now being wooed by Soviet Russia, would turn "neutral."

★ **SOVIET AIM:**

To Neutralize West Germany, Smash NATO, Drive the U.S. Out of Europe.

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Washington, Paris and London. What these officials see is this:

• Fast diplomacy lies ahead. Big Four talks "at the summit" are likely to bring agreement on broad issues. At the foreign ministers' level, tough problems will arise. At the working level of experts and technicians, the going will be hard and dangerous.

• Real strain on the Western Alliance, based on free public opinion, will be to keep enthusiasm for peace from wrecking the West's defense structure. Through a long period of negotiation, of peace talk on the surface, there will be grim and bitter infighting behind the scenes. Soviet Russia on the one side, the U. S. on the other will be seeking the chinks in each other's armor.

• Western weakness lies in the shaky unity of the North Atlantic Treaty Organization. U. S. job is to keep West Germany from drifting toward the Soviet camp, to block the expected development of neutralism in France and in Italy. "There has been no threat of war in Europe for years," said one U. S. official, "and already we find it hard to keep up NATO commitments. It will be more difficult with Russia talking peace."

• Communist weakness lies with the Soviet satellite countries of Eastern Europe. Communist Hungary is exposed for the first time to the free world by the Austrian Peace Treaty. Eastern Europeans see now that Yugoslavia's defiance of Moscow has paid off, that Soviet Russia now woos Marshal Tito as an ally. People enduring hard times under the Communists in East Europe are looking west into free Europe now enjoying a boom.

This outlook, as Western officials interpret it, means that both the U. S. and Soviet Russia must gear their strategy to the new form of cold war.

Russia's line. Soviet strategy is already set. Austria, a tiny country of barely 7 million people, is presented to Germans, Frenchmen and Italians as a model of how happy they, too, could be if they were only neutral. U. S. is billed as the only country which really thinks the peace-loving Soviet Union might try war.

A "neutral bloc" of countries stretching from Scandinavia on the Arctic to Yugoslavia on the Adriatic is designed by Communists to attract Europeans. The Soviet leaders would like to see West Germany in the heart of this "neutral bloc." In return for West German neutrality, Moscow hints, the Kremlin might even be willing to permit Communist East Germany to join West Germany.

Right now, this Communist picture of how to end the cold war in a cease-fire, an armistice, has little support from

Western European leaders. What worries them and U. S. officials, too, however, is the question of how long it will be before such Communist peace talk builds up neutralist sentiment among Western Europeans.

A real "relaxation of tensions" could lead more Europeans to decide that they no longer needed the protection of U. S. bases in Europe, that these bases themselves might become a source of tension. "If the Europeans ask us to leave," said one U. S. official, "then we'll just have to leave. They are not satellites."

To build up this kind of neutralist sentiment in Europe, U. S. officials say, Soviet Russia appears willing to pay a price. Austrian peace treaty was a part of that price. Soviet offer to talk with the rebel Communist Tito is another. Small concessions by Soviet Russia, after years of no real concessions at all, are magnified.

Actually, such concessions are viewed by some Western leaders as gains for Russia. In a military sense, for example, Soviet troops go back only 30 miles on the Danube plain to quit Austria. Western troops pull back some 200 miles out of strong positions in the Austrian Alps.

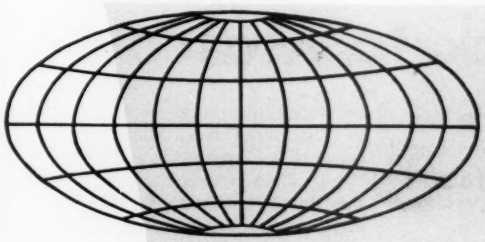
American intentions. U. S. strategy, to a great extent, is dependent upon European allies. If France and Italy show a willingness to stand firm within NATO, then the U. S. expects the Western Alliance to exact real concessions from the Soviet Union, perhaps to make real progress toward a two-way "relaxation of tensions."

U. S. leaders are out to take full advantage of the Communist weaknesses. If Moscow proposes a "neutral bloc" in Central Europe, the U. S. intends to ask if Soviet Russia is prepared to permit its Eastern European satellites—Poland, Czechoslovakia, Hungary, Rumania and Bulgaria—to be "neutralized."

For the present, in any case, the U. S. is planning only to "wait and see," to listen to Soviet proposals on Germany, on a "neutral bloc," on disarmament and on a "relaxation of tensions."

For the future, the U. S. intends to try to hold its allies together, to consolidate the victories gained in cold war, to press at weak points in the Soviet empire. President Eisenhower, his advisers say, sees a chance for peace—even for developing trade with Russia—but only a chance, and only after a new phase of the cold war of negotiation.

For Russia's move to win back Yugoslavia, see page 24; how President Eisenhower, Secretary Dulles and Senator Knowland size up Russia's latest strategy, page 98; for David Sarnoff's broad new plan to win the cold war, page 134.



BOX SCORE OF "COLD WAR"

EVENT:	For the Communists	For the U.S. and Allies
Greek War—Truman Doctrine	LOSS	GAIN
Communists take Hungary	GAIN	LOSS
Marshall Plan	LOSS	GAIN
Communists take Czechoslovakia	GAIN	LOSS
Berlin blockade and airlift	LOSS	GAIN
Yugoslavia breaks with Moscow	LOSS	GAIN
Anti-Communists win Italian election	LOSS	GAIN
NATO unites Western Europe	LOSS	GAIN
West German Republic formed	LOSS	GAIN
Russia gets atom bomb	GAIN	LOSS
Communists conquer mainland China	GAIN	LOSS
Korean war	TIE	TIE
Indo-China war	GAIN	LOSS
Stalin's death—fight for power	LOSS	GAIN
Austrian Treaty signed	LOSS	GAIN
Sovereign West Germany in NATO	LOSS	GAIN
Boom in U.S. and West Europe	LOSS	GAIN
Slump in Russia and East Europe	LOSS	GAIN

SCORE SO FAR: U.S. and Allies Ahead, But "Cold War" Enters New Phase.

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Tito, "Tame" Communist... Going Back to Moscow?

After years of lambasting Tito, Moscow sees him as a fine Communist now. He's being coaxed back to the Soviet fold.

Tito—armed by U. S. and built up by American aid—is warming up to Russia, too. Question: Whose ally is he, anyway?

Meeting with the Kremlin leaders marks a critical turn in the "cold war." It can make or break Moscow's new strategy.

Reported from
BELGRADE and WASHINGTON

The U. S., after committing something like a billion dollars to the aid of Yugoslavia's Marshal Tito, is beginning to wonder whether that investment will wind up as an asset for Soviet Russia.

Tito—the only Communist dictator ever to defy Moscow and get away with it—has played both ends and the middle of the "cold war." Once a Soviet follower, he later proclaimed his support of the West. Recently he has been talking of himself as a neutral.

Now, at a time when American arms are reaching him in peak-load amounts, he is getting together with Soviet leaders to talk things over. There is official concern that Yugoslavia's support of the West, already weakened by Tito since the death of Russia's Joseph Stalin, is about to fall away entirely.

The trip of such Kremlin bosses as Nikolai A. Bulganin and Nikita S. Khrushchev to Belgrade prompts a fresh look at what the U. S. has put into Yugoslavia's build-up.

Even before Tito pulled his country out of the Soviet satellite empire in 1948, the U. S. had given Yugoslavia about 300 million dollars' worth of relief and reconstruction supplies.

Continuing aid. Economic assistance—food, raw materials, machinery and technical help—still is reaching Yugoslavia. And there is more to come. In the last six years, 400 million dollars' worth of nonmilitary goods has gone to Tito. His Government is one of only three in Europe being promised U. S. economic help next year.

American arms, intended specifically to help the West defend itself against a Soviet attack through Yugoslavia, are arriving in heavy volume. Modern U. S. jet planes can be seen lined up on Tito's airfields. Artillery and tanks are going to Tito's divisions.

Yugoslavia, as a result of all this aid, is considered far stronger than it was at the time of Tito's break with Moscow—and far better off than Russia's neighbors. People in the satellites, looking at Tito's success, wonder whether it's such a good idea to remain loyal to Moscow.

That unrest in the satellites is seen as one of the reasons why Russia is working so hard to patch up its old friendship with Tito, a man whom Moscow once regarded as its Public Enemy No. 1. Soviet leaders appear anxious to prove that they are reasonable men, easy to get along with—not at all like Stalin.

Neutral role. Moscow's propaganda now has nothing but praise for Tito. And this Communist leader already is moving into the role of European neutral that Moscow has picked out for him:

- He turned down membership in the Western European alliance. Instead, he signed a loose agreement with Turkey and Greece. That pact commits him only to "consult" with those countries if they are attacked.
- U. S. officers find Yugoslavs unwilling to plan a joint defense of the northern flatlands that open up Western Europe to a Soviet thrust from Hungary through Yugoslavia. Tito's idea is to defend Yugoslavia in the mountains, if the Russians attack—and let the West look after itself.
- Yugoslav contacts with Russia and satellite nations are thriving once more. Diplomatic relations have been restored. Yugoslavia, this year, signed an 80-million-dollar trade agreement with Russia and its satellites. Cultural missions go back and forth between capitals.

Critical of America. Tito now is saying that Moscow has had a real change of heart since Stalin's death. He says the West should "coexist" with the new Soviet rulers. Yugoslav officials praise Russia's "peaceful intentions" and criticize the U. S.

On [illegible] that, Tito seems friendly to the latest Soviet idea of prying Western Germany loose from the West—a proposal for a Central European "neutral belt" including a unified Germany.

Western diplomats predict that Russia's leaders, on their visit to Belgrade, will try to sell Tito on the idea of joining that "neutral belt" as its southern anchor. And it is thought that the Rusians will talk also about removing their troops from the satellite nations—troops that Tito is known to worry about.

Tito has assured the West that he doesn't intend to become a Moscow satellite again. But the U. S. is not counting on him as an ally against Russian armies, either, unless Yugoslavia, itself, is attacked.

The big worry is that this Communist dictator, after getting vast amounts of U. S. aid, will loosen his remaining ties with the West and throw his support to Russia's new strategy for weakening the Western European alliance.

—FOA

FOR YUGOSLAVIA: AMERICAN JET PLANES . . .
. . . and Russian visitors

'55 BUYING SETS NEW RECORDS

Autos, Major Appliances, Luxury Goods Top the List

Not even in the scare-buying period of the Korean war did the public shell out so much for goods, of almost every kind, as now.

People are spending more for cars, household items, food, clothing, finery.

To get at the meaning of this free-spending trend, *U. S. News & World Report* sifted the latest official figures, studied reports on department stores, and interviewed merchants on both coasts.

This article tells why the public is buying so eagerly, what goods are most sought after and what the economists and retailers see in the months ahead.

The public is doing a record amount of buying in the stores.

There is renewed interest in luxury goods such as furs and jewelry. New cars with fancy color combinations and many extra gadgets are selling fast.

Homeowners are splurging on new refrigerators, washing machines and other conveniences.

Thus, the boom in business is being translated, by the average consumer, into an eager demand for material comforts—what is known as a higher standard of living.

Neighborhoods display an urge for "keeping up with the Joneses" that is reminiscent of the 1920s. Bright aluminum awnings sprout on one house after another. One family gets a second car; others follow suit. Where a few years ago only one family in 50 owned two cars, now the two-car family is close to one out of every 10.

That is the picture that is painted by Government figures and by retailers in talks in big cities. It adds up to this: People are shopping for goods even more eagerly than in the scare-buying wave of the Korean war or the boom of early 1953.

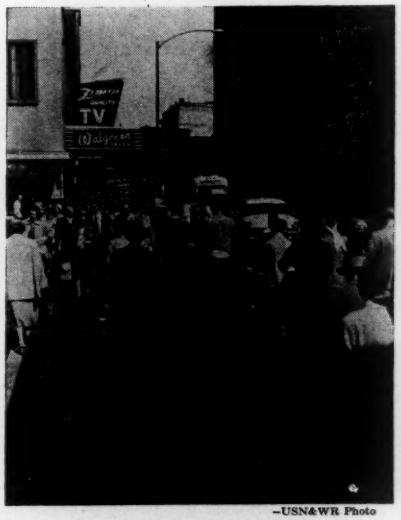
Later this year, a slight dip in this spending is indicated in estimates made by the Economic Unit of *U. S. News & World Report*. This would come when present auto models lose their attraction during the usual summer letdown. But still higher records are anticipated for 1956, as indicated in the chart on pages 26 and 27.

Where people are buying. The chart also shows that people are putting extra dollars into almost every type of store. Restaurants and bars are the one group that has not been doing quite as much business as a year ago. In the near future, however, people may do more eating and drinking away from home, if their incomes continue to increase.

Autos account for half the bulge in buying. Purchases of goods of all types have increased nearly 12 billion dollars a year since early in 1954; purchases of autos and parts are nearly 6 billions of this.

More than 2.3 million new cars were sold in the first four months of 1955, and industry leaders are saying 7 million will be taken by the public by the time the year ends. The previous record was 6.5 million, in 1950.

Even so, motorists have not been buying cars as fast as factories were producing them. Unsold 1955 models in dealers' hands were at a record level, almost 680,000 by industry's count.



—USN&WR Photo

THE PARADE OF BUYERS
Merchants think it will continue

People are not buying used cars as eagerly as new ones. One reason, dealers say, is financing. New cars can be paid for over a longer period; that makes the monthly installments smaller in many cases.

As a result, used cars are down in price. Some dealers predict "indigestion" in this phase of the auto business and think it will affect the whole industry. But auto makers say the result merely will be faster scrapping of old cars.

Next to the demand for autos, the biggest influence on the consumer seems to be the urge to buy houses and fix up the home. People are spending more for furniture, rugs, and big appliances.

That trend shows up in the furniture and appliance stores, which are showing the second-largest gain, percentagewise, among retailers.

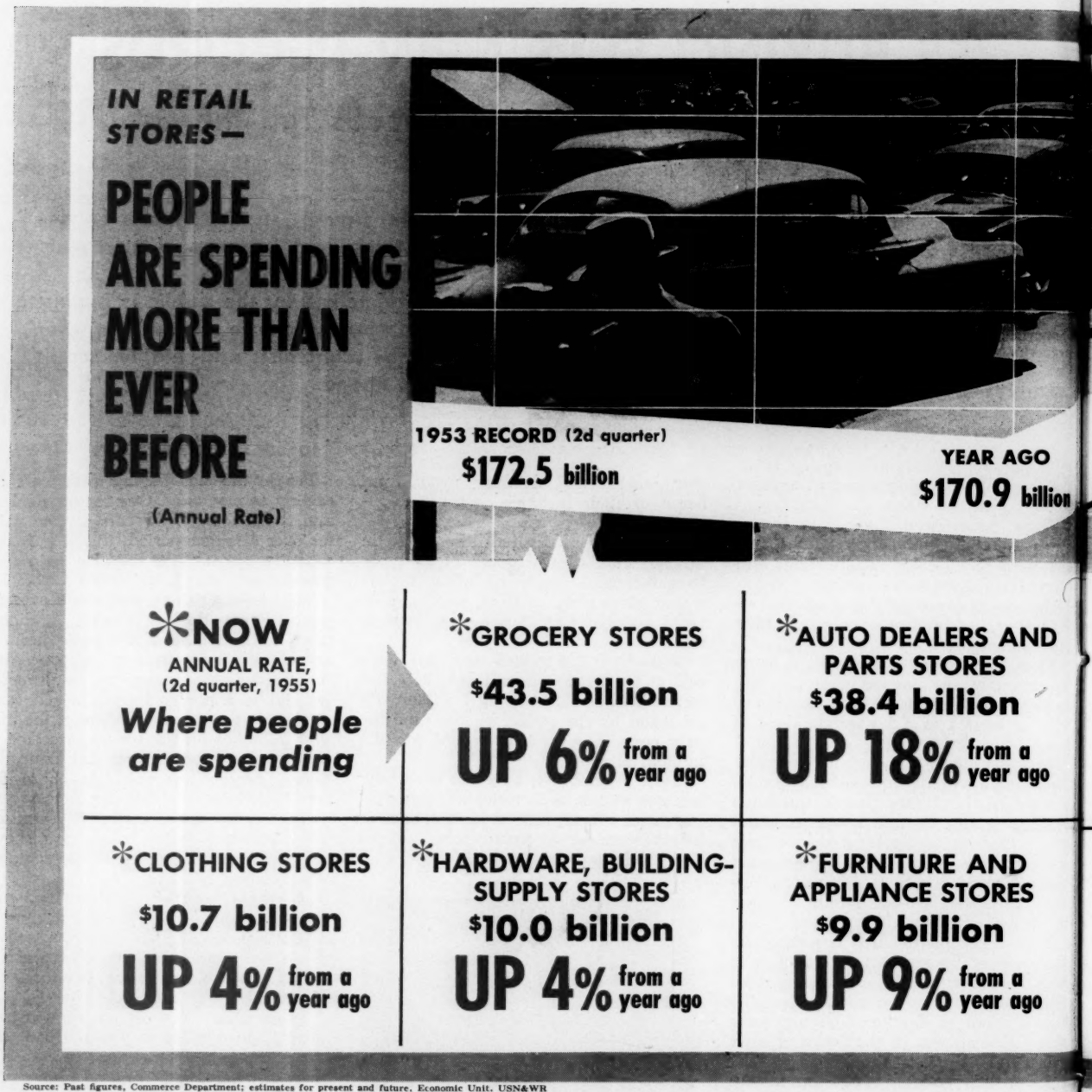
A closer look. A more detailed picture of public tastes is given by the reports of department stores. Here is plenty of evidence of the demand for luxury, as well as more light on the home-furnishing interest.

So far this year, customers have spent nearly one third more on furs than they did a year ago. In a single month, department stores registered an 85 per cent gain over the same month last year in sales of furs.

A style change, to shorter furs such as jackets, capes and neckpieces, is credited with stirring up the ladies' fancy. Over the years, full-length fur coats have lost much of their appeal.

Impressive gains show up at the counters where other luxury lines are on display. Since a year ago, people have increased their purchases of fine jewelry and watches by about one fourth.

Cheaper costume jewelry is selling well, too; the gains are not so great as in the more expensive class. However, men now



Source: Past figures, Commerce Department; estimates for present and future, Economic Unit, USN&WR

are buying and wearing more cuff links and fancier tie clasps and pins.

Purchases of silverware and clocks are almost one-fourth greater than last year's. Other goods not commonly thought of as necessities are selling more briskly: luggage, handbags and small leather goods, dress-up gloves for women and children.

Things for the home. The increased demand for home furnishings is most apparent in a few lines.

Sales of major appliances in department stores have increased almost one third this year. That's partly because the big stores now are offering cut prices, more or less in line with the discount houses. They also are pushing special food-buying plans to get people interested in freezers. Starting last winter air-conditioners were advertised for sale on easy terms.

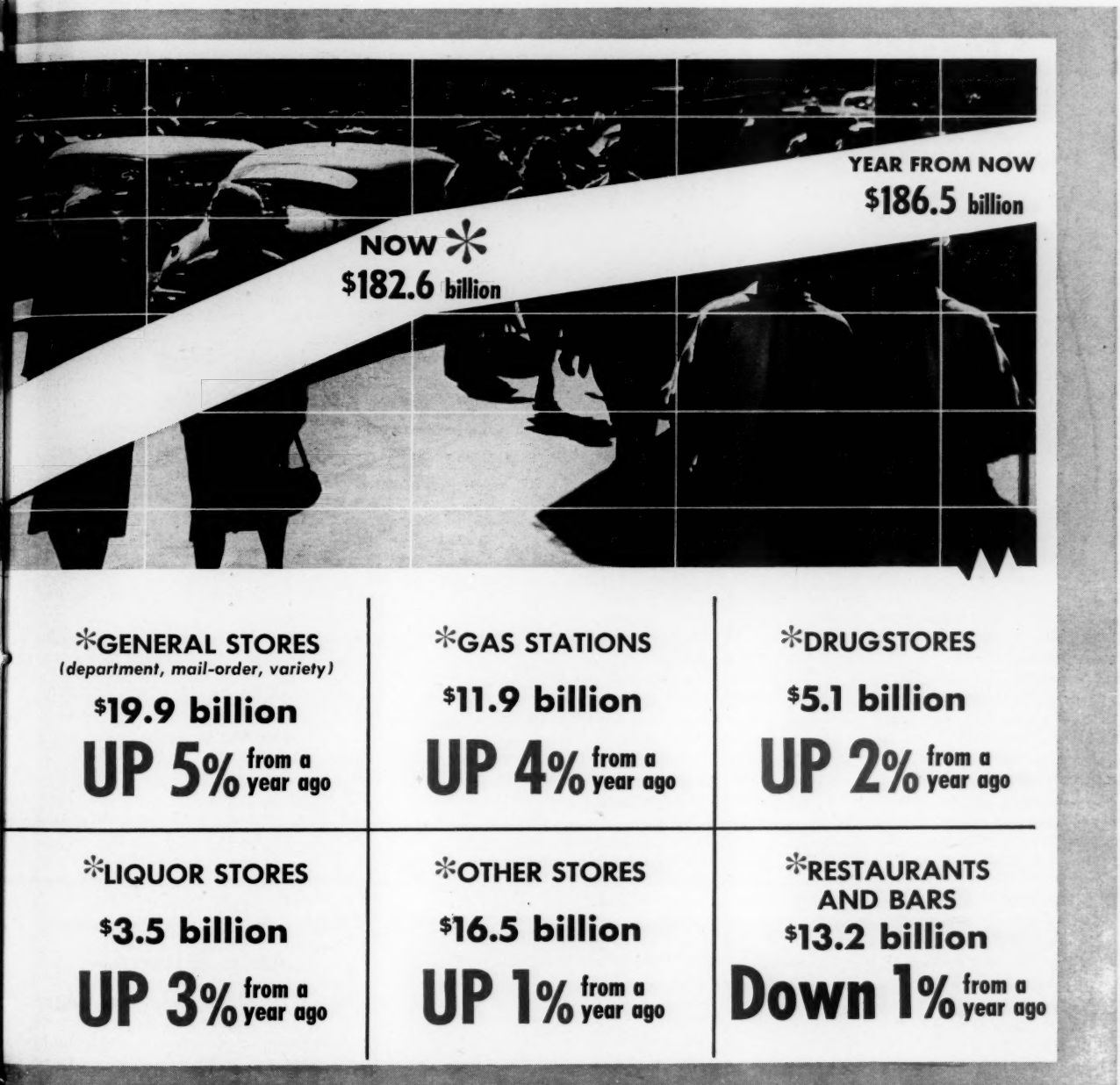
People are spending about 15 per cent more for rugs and carpets. The demand for newer materials, such as nylon or rayon, is strong, the store managers say.

Sizable, but less impressive, gains have also shown up in purchases of beds, upholstered furniture, kitchenware and small appliances. Apparently, consumers still are going to discount houses for many small items, such as irons, mixers and cooking utensils.

They're also going to smaller stores for radios and television sets. The public has taken about 10 per cent more television sets and about 18 per cent more radios than a year ago. Yet department stores show only a slight gain in these lines.

More children to clothe. The pickup in clothing sales is traced, partly, to the big postwar baby crop.

Department stores report their biggest gains, in this field, in sales of coats,



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dresses and suits for girls and boys. Sales of clothing for adults have increased, too, but not so much.

Children and toys go together, of course. Sales of toys this year are running 9 percent ahead of 1954 in the department stores.

Style changes, as in the case of furs, also are said to be stimulating trade. Retailers say more men are replacing their old suits with new ones showing the "natural look": unpadded shoulders, single-breasted coats, new colors. Preference for sportswear is being emphasized by the well-known shops from New York to San Francisco.

The reasons for the public's buying mood are fairly easy to see. More than a million people who were not working a year ago have jobs now. Payrolls are fatter; the consumers' income after taxes has increased by more than 8 billion dollars a year since early in 1954. Credit is easy. Consumers have weathered two minor business setbacks, and most of them felt no injury. There is confidence, shown in renewed talk of a "new era" and of "permanent prosperity."

Against that background, the outlook seems bright. Here and there, some retailers think competition will become rougher on small shops.

But the merchants, on the whole, reveal few of these forebodings in private talks. Their customers are buying as much as most of them expected, or more. They see no sign of real let-down.

The boost that tax write-offs are giving to business, page 86; how Government spending supports the boom, page 120.

General Harmon Tells:

ALL ABOUT "THE WEST POINT OF THE AIR"

A brand-new opportunity is opening up for youths interested in aviation who have above-average records in high school.

The new Air Force Academy, to be constructed at Colorado Springs, offers these youths the chance to get: (1) a college education free of cost, (2) an officer's commission in the Regular Air Force, earned at the "West Point of the Air," and (3) a thorough grounding in aeronautical engineering.

All about the Academy and its opportunities is explained for you here by the Academy Superintendent, Lieut. Gen. Hubert R. Harmon, in an exclusive interview.

At DENVER

Q Does a young man have to be a mental giant and a physical superman to qualify for admission to the new Air Force Academy, General Harmon?

A No, certainly not. We want a high-level cross section of American youth.

Q How old do you have to be to get into the Academy?

A You have to have passed your seventeenth birthday.

Q What is the upper age limit?

A Twenty-one; that is to say, a candidate may not have reached his 22d birthday.

Q What does a man get who attends the Academy?

A Well, that's a broad question; if you mean pay and allowances, up until recently the cadet's pay was $81.12 a month. A recent act of Congress has raised it to $111.15 a month. In addition to this he gets a ration allowance, the daily amount of which is fixed, I believe, by the Defense Department for all three academies.

Q Is his training fully at Government expense?

A Not exactly. He is furnished his tuition and quarters, of course, at the Academy. However, from his pay and allowances he pays for his meals, all of his uniforms and all of his text books and his personal items.

Q What is his obligation to serve after graduation?

A Graduates of all three academies are required to serve at least three years in the Regular establishment. If after that they are separated, the combined total, Regular and Reserve service, must be not less than six years.

Q What kind of degree does he get upon graduation?

A That has not yet been firmly determined, and of course we cannot issue a degree until we are accredited by the appropriate collegiate educational-accrediting service. We rather expect that we will give the same degree as at West Point and Annapolis, and that is a bachelor of science.

Q What commission does he get on graduation, and under normal conditions how much later is he likely to get his first promotion?

A All of the graduates are commissioned as second lieutenants, and I believe the law provides that at the end of 18 months they will, if their service so far has been entirely satisfactory, be promoted to the grade of first lieutenant.

Q What will happen to those who fail to qualify for pilot training but are otherwise proficient in their work?

A Well, that is a question we haven't decided, and won't have to deal with positively for three or four years. I think it will depend a great deal on the extent of an individual's proficiency in other work.

Q Where does the Air Force get the bulk of its administrative officers?

A Of course, not all graduates of the service academies now in the Air Force are flying officers, and those who are not may be classified in what you describe as the administrative group. The balance would come from ROTC [Reserve Officers Training Corps] graduates and from the Officer Candidate Schools.

Q Will every cadet be required to take flight training?

A Every cadet at the Academy will be required to take a full course in navigation training. We do not plan to give pilot training at the Academy as a full course. However, during their sophomore summer all cadets will be given what might be termed a "familiarization course" in pilot training.

Q In other words, the principal objective in the Academy is not to train pilots?

A No, indeed, it's far from it.

Air Force Academy At a Glance—

What it offers: Four-year college course leading to a bachelor of science degree, with some flight training, a lot of science, some liberal arts, all geared to turn out Air Force officers.

How soon: Building starts next month, in June. Classes begin in temporary quarters on July 11. Official opening: 1957. Completion of all Academy buildings likely in four or five years.

How big: Campus of 17,500 acres, located 7 miles north of the center of Colorado Springs, Colo., providing for 2,500 cadets. Including the staff, there will be 8,000 to 10,000 persons.

Q What about training in the fields of basic sciences as they relate to the air?

A Well, the curriculum of the Air Force Academy is about evenly divided between technical or scientific courses and what are referred to as the social science-humanities group. All of our technical courses are directed toward aeronautical engineering.

Q Will you be training aeronautical engineers, then?

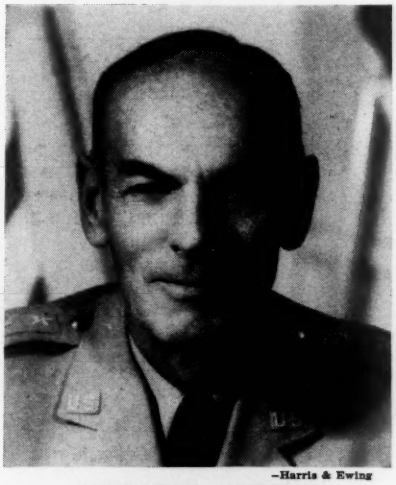
A We will be training people toward aeronautical engineering, but the limitations in time prevent us from reaching the point where we could give our graduates a degree in aeronautical engineering. They will be well along toward it, and our conferences with other technical educational institutions indicate that our graduates, or at least those who have a bent towards the scientific side, will be able to earn a degree in engineering at such schools as M.I.T. [Massachusetts Institute of Technology] and Cal. Tech. [California Institute of Technology] in from one and a half to two years of post-graduate work.

Q Will cadets get into the whole range of air operations, including guided missiles?

A That's a rather broad question and, of course, covers a broad field. If you mean get into it, they will be exposed in varying degrees to all of the scientific sides of Air Force operations, but we would not pretend to say that they will all be experts in all fields of the technical sciences involved.

Q What air training will these men get after graduation?

A It is contemplated that as many as possible—that is to say, all who upon graduation are qualified physically and who demonstrate an aptitude for pilot training—will go on to our pilot schools and complete their full course in pilot training.



—Harris & Ewing

LIEUT. GEN. HARMON

Q What will take the place of summer cruises or summer field maneuvers for the Air Academy cadets?

A I'm afraid we have nothing to compare with Navy summer cruises but, as I mentioned a moment ago, our yearlings, or sophomores, would take pilot training during that summer, their second summer at the Academy, and this we plan to give at flying schools of the Air Force away from the Academy. This will give them some opportunity to get away for short periods.

Q We've been calling men "cadets." Will you have some other name for them, such as "fledgling"?

A The official legal name in the Air Force Academy Act is "Air Force Cadet." We plan generally at the Academy to use the term "cadet," but what they will call themselves, or what designations will be used for different classes, we propose to leave to the cadets themselves.

Q Now, how about the curriculum—will it include subjects other than military or aeronautics?

A Yes. I've touched upon that in answer to an earlier question. I presume you mean by "aeronautical" scientific subjects. On that basis, as I've said before, about 50 per cent of the curriculum time will be devoted to scientific studies and about 50 per cent to the social-humanities.

Q What are the social-humanities courses you mentioned, and why should you teach such subjects?

A We plan to give three years of history and three years of English. And in addition to that, courses in economics, comparative governments and international relations. Also courses in philosophy and psychology. We feel that the graduates of the Air Force Academy should be broadly educated in all of the areas which tend to improve their understanding of the peoples of the world, their customs, their geography, their social and economic problems. We feel, of course, that officers of the armed services serving in all parts of the world become in effect a quasi-diplomatic corps, and it's of the utmost importance that they know the peoples of the world and be in a position to represent their country adequately in foreign lands.

Q When will the Air Force Academy take in its first class, and where?

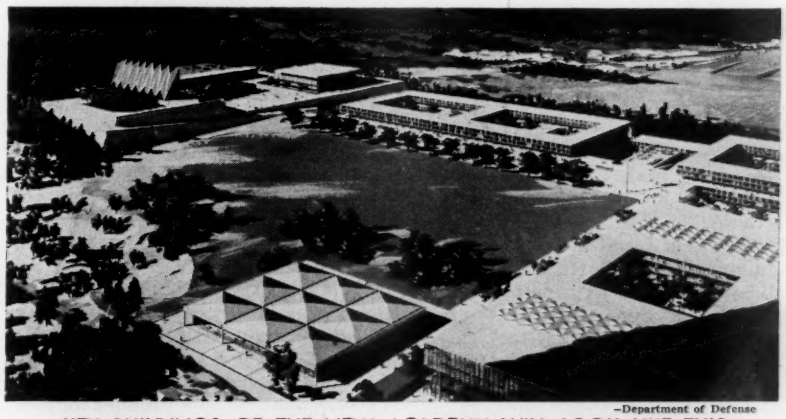
A Our first class will be admitted here at the Air Force Academy at its tempo-

Who can attend: Candidates must be proposed by their Congressmen, then take stiff entrance exams, with top men chosen to attend. Youths, to be eligible, must be at least 17, not yet 22.

Opening class: For class beginning this summer, 300 youths have been chosen, will use temporary facilities at Lowry Air Force Base, 67 miles away.

What cadets get: Students each receive $111.15 a month pay, plus ration allowance to cover living expenses. Tuition and quarters are free.

What cadets agree to: Upon graduation, cadet receives commission as an Air Force second lieutenant, must then serve at least 3 years' active duty plus 3 years' reserve duty.



—Department of Defense

KEY BUILDINGS OF THE NEW ACADEMY WILL LOOK LIKE THIS

Upper left is the modern-design chapel. Then, reading clockwise from the chapel, you see the administration building, the cadet social center, cadet quarters, academic buildings and the Academy dining hall.

[continued]

ALL ABOUT "WEST POINT OF THE AIR"

rary location at Lowry Air Force Base on 11 July 1955.

Q When will it graduate its first class?

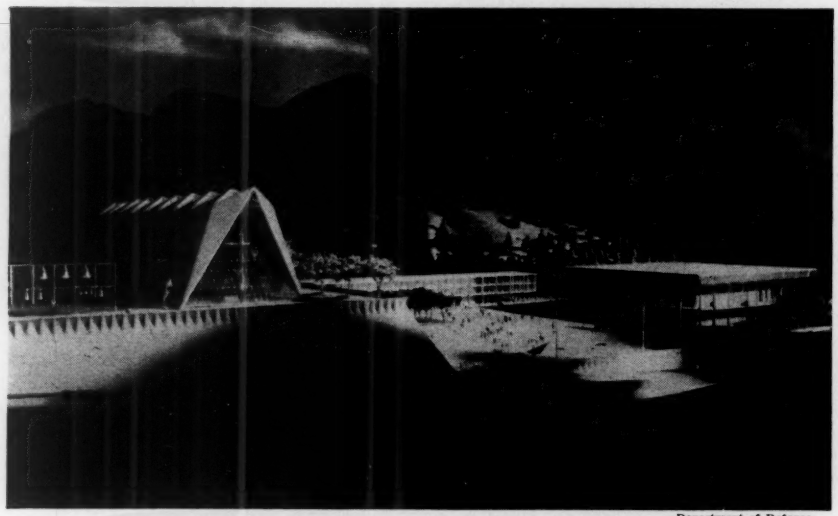
A This first class will graduate four years later; that is, in June, 1959.

Q How many men will enter the first class?

A Three hundred.

Q How many cadets will there be in the Academy when it is fully set up?

A The Air Force Academy Act sets up the Air Force Academy under the West Point laws, so that our full strength will be whatever the legal full strength of West Point is at the time. Under present laws it will be about 2,500.



—Department of Defense

MODERN DESIGN FOR AN AIR ACADEMY

Architect's model of the Air Academy shows cadet chapel on left, administration building in the center, cadet social hall on right

Q How were the cadets selected for the first class?

A Well, the answer to that would take quite a great deal of time.

Q It was a national competitive examination, was it not?

A Yes, they were selected on a competitive basis, and each Congressman and Senator—each member of Congress—was authorized to nominate as many as 10 candidates. These were given physical examinations, Air Force pilot and observer aptitude tests. They all took the full college entrance board examination, and then, in addition to that, credits were assigned for extracurricular activities. These figures, all added together, gave a composite score, and in each of the 59 competitions the selection was made from top to bottom on the basis of the composite score.

Q Do you have to have political pull to get an appointment?

A I think the answer is definitely no, for the reason that the Air Force Academy Act authorizes each Congressman and Senator to nominate 10 candidates, and it does not permit him, during the period in which the competitive process is in operation, to name boys as principals or alternates. All of the boys nominated by any Congressman or Senator from any State compete among themselves for the vacancies allotted to the State. The answer would be that there would be no point in a Congressman attempting to make appointments on a basis of political preference, and our experience indicated that they have been very broad-minded in nominating their full quota of 10 boys and in selecting very fine youngsters for the competition.

Q But when the Academy is fully set up, will cadets be selected on about the same basis as West Point cadets and Annapolis midshipmen are now?

A The provision for competitive examination as included in the Air Force Academy Act will last for four years. At the end of that period we will revert to the West Point system.

Q Will there be opportunities for men to win appointment to the Academy from the ranks?

A Yes. All three of the service academies have a number of vacancies each year that are open to competition by enlisted men both of the Regular service and the Reserve component of the particular arm.

Q Will there be any special opportunities for Korean veterans?

A No, none unless some law provides such; none exists at the moment.

Q How big was the demand for appointment this year? Specifically, how many men tried to get into the Academy?

A Well, it would be impossible for us to say how many desired to get in; the actual number nominated was about 6,500. We know that many Congressmen had more applications than the 10 that they were allowed to nominate, but we have no idea as to the total.

Q Do you expect to have a similar demand next year?

A Oh, we certainly hope so.

Q Based on the number of applicants this year, would you care to say anything about the report recently current that young Americans are not interested in flying careers?

A I think the report could hardly be considered recent. As I recall, it came out last fall, six or eight months ago, and was based on the fact that at that time, with the Academy just started and with no information disseminated to the high schools, the number was of course very low. But I think that the idea that the youth are not interested in the Academy has been completely dispelled by the large numbers who subsequently have applied for appointments.

Q What outside aid, if any, did you get in planning and setting up your curriculum?

A The original planning of the curriculum was done at the Air University in 1949, and at that time we called in about 60 of the top-notch educators of the country to assist us in framing a curriculum.

Q How did you select the instructors?

A We felt that, as this was a military school, the primary emphasis, certainly during the first year, should be on military, and that all of our instructors should come from among active Air Force officers, be they Regular or Reserve. In selecting them we screened all of the officers in the Air Force for educational achievement and for instructing experience.

Q Do you plan to have any civilian instructors later, and in what subjects?

A It's altogether possible that we may have civilian instructors later on. We haven't made any firm decision on that.

(Continued on page 32)

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[continued]

ALL ABOUT "WEST POINT OF THE AIR"

Certainly I think one of the areas in which civilian instructors would be desirable, if not mandatory, would be in the area of foreign languages.

Q Have you adopted a distinctive uniform yet?

A No, we have not. In fact, the question as to whether we will have a distinctive uniform or use the Air Force officer's uniform with certain minimum modifications has not been fully decided. For the first year, since we have no distinctive uniform, we are planning to use the regular Air Force uniform.

Q When does construction begin on the Academy at its permanent site in Colorado Springs?

A It should begin very shortly; that is to say, this summer.

Q What will you call the Academy?

A No firm decision has been made on that. Various names have been suggested. It is my personal feeling that we should delay this decision until we move to the permanent site in Colorado Springs.

Q When will the construction be completed?

A It's estimated that the complete construction program will probably take about five years, certainly not less than four.

Q How much area will the Academy occupy?

A The reservation that has been purchased, or is in process of acquisition, will comprise a total of about 17,000 acres.

Q Will there be an airfield in conjunction with the operation?

A Yes, there will.

Q There have been rumors that there might be an inadequate supply of water. Would you care to comment on that?

A The question of water in the Colorado Springs area has been thoroughly explored by engineering firms employed by the Air Force, and they report that the water supply is adequate.

Q What do you figure the Academy will cost the taxpayer to set up?

A The Air Force Academy Act authorizes the appropriation of 126 million dollars for the permanent Academy, and that includes a million dollars to provide for the temporary installations here at Lowry Air Force Base.

However, every effort is being made to do the job as cheaply as possible, and the Air Force feels that maybe the construction can be completed for less than 126 million dollars.

Q How much do you think it will cost to maintain the Academy, on a yearly basis, after it is established?

A Well, that would be very difficult to guess. We have not as yet any basis of computation. We don't know what the strength of the Academy—officers, instructors, and so forth—will be at the end of four years, and I wouldn't want to make a guess. I understand that the cost of the Military Academy is around 18 million dollars a year and I would presume that the Air Force Academy would be about the same.

Q Are you looking forward to a football team?

A We're looking forward to participation in all intercollegiate sports, when and as we're able to support such a program. We feel, of course, that athletics and intercollegiate contests are a vital part in the American way of life and we intend to turn out as good teams as we can.

Q Have you adopted a mascot yet to match the Army mule and Navy goat?

A No, we have not. We have given some thought to it. My personal view is that we should wait until we have several classes of cadets in the Academy and let them have a large part in the determination of that. Consideration has been given, however, to the eagle and to the falcon, both of which seem to be representative of the Air Force.

Q Just what purpose is the Air Force Academy to serve?

A That's a pretty broad question. Of course, in the simplest terms it's to provide a nucleus of Regular career officers for the Air Force. More especially, I think it may be said that it will provide the motivation for a lifetime career in the Air Force to its graduates, and an education especially designed to meet what we conceive to be the requirements of the future Air Force officer.

Q How will it differ from West Point and Annapolis?

A Of course, in setting up the Air Force Academy, we have used West Point and Annapolis very largely as our models; we don't follow either of them blindly in all particulars. Our problem to a considerable extent differs from the West Point and Annapolis problems. Each has its primary mission: West Point trains officers for the Army, Annapolis for the Navy, and, quite naturally, our mission is to train officers for the Air Force. In many of the administrative and internal details we will copy, and in some cases lift the system right out of the other academies. We have gone both to West Point and Annapolis extensively in our planning programs and have taken many things from Annapolis and many things from West Point.

Q Will the school fill a real need that had not been filled before, or will it merely supplement existing means of training Air Force officers?

A It will fill a very real need that has not been filled before. While the United States is the birthplace of the airplane, it's an interesting fact that we are the only country, the only major power certainly, that does not have any school designed to train youngsters for service in the air arm from their high-school days. As with each of the other services, the Air Force needs a hard core of professional officers around which to mobilize at time of war, and it is also pertinent that West Point and Annapolis together cannot meet the needs of the Air Force. In this respect the number of graduates they produce isn't sufficient for their own purposes, much less to meet our requirements as well.

Q Where has the Air Force been getting the basic corps of young professionals in the past?

A The Air Force received, on a voluntary basis, 25 per cent of the graduates of each of the Military and Naval academies each year. This total has been running, in the past years, about 350. Our actual requirement in academy graduates is a minimum of 600 each year. We need 1,200 new young officers per annum to maintain our existing strength. Obviously the balance of about 600 has to be obtained from other sources —ROTC, Officer Candidate School, and so forth.

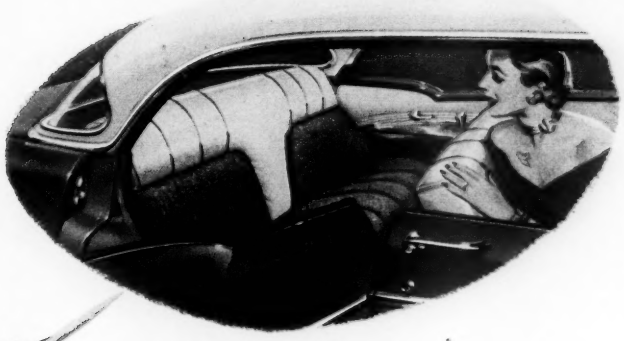
Q Why couldn't the Air Force continue to take some of the West Point and Annapolis graduates without setting up an Academy of its own?

A Well, we could, of course, but West Point and Annapolis, or rather the Army and Navy, are very anxious to get the full output of their own academies, and the number that they provide us under the 25 per cent agreement is quite inadequate for our purposes.

However, the Air Force Academy Act does authorize the transfer of 12½ per cent of the graduating class in each of the three academies, after 1959, to any one of the other two services, provided the Secretaries of both of the services involved agree to the transfer.

Q Do you think the cause of unification will be advanced by introducing a third service academy at this time?

A Well, I wouldn't say that it would particularly advance it, but on the other hand, it will certainly not, in my opinion, detract from it.



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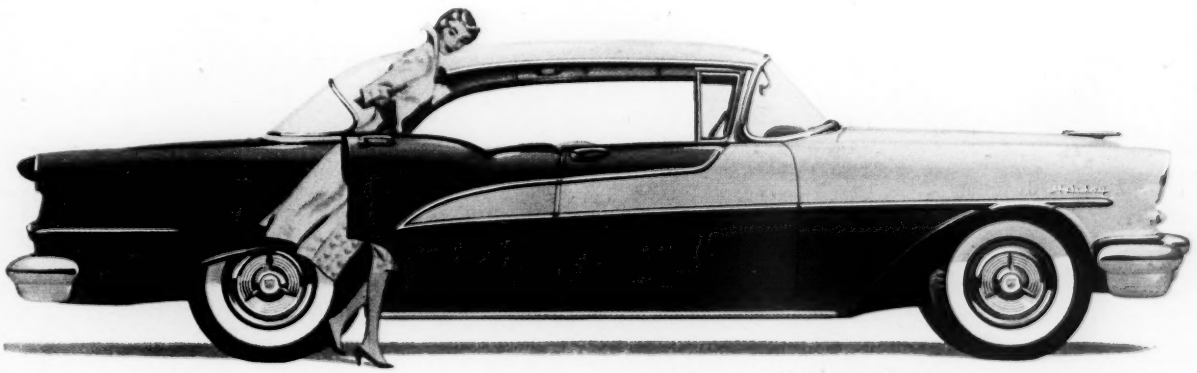

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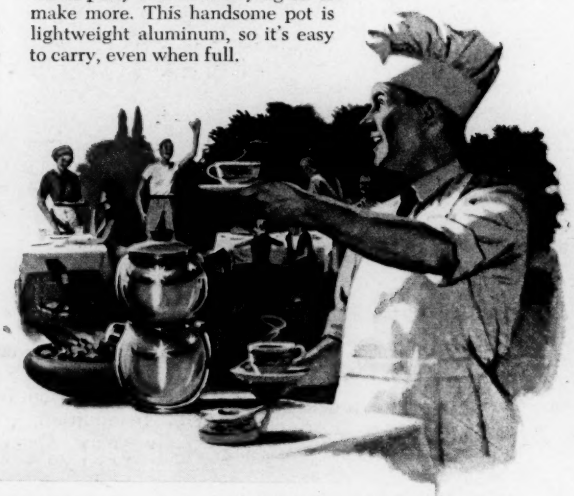

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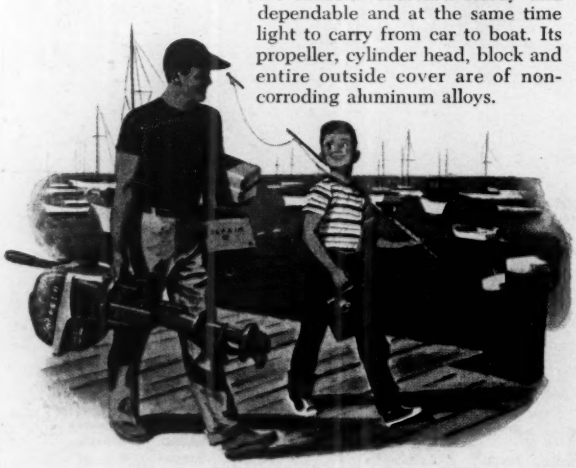
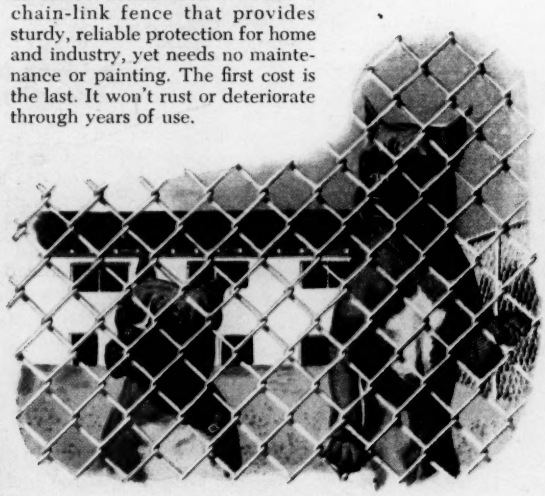


It takes aluminum to make a chain-link fence that provides sturdy, reliable protection for home and industry, yet needs no maintenance or painting. The first cost is the last. It won't rust or deteriorate through years of use.



Things are getting better all the time, as manufacturers put aluminum to more new uses than any other metal.

U. S. industry will need more and more aluminum, and to supply it will take tremendous electric power. (You could light a house for 15 years with the power it takes to produce one ton.) Neighboring Canada will be able to contribute to future aluminum needs in an important way. Her reserves of waterpower in remote areas are not competed for by other industries. Right now Canada is expanding her power installations and aluminum plants.

Aluminum from Canada benefits the U. S. economy two ways: helps provide factories the raw material they need; helps insure jobs for over a million U. S. metalworkers... **Aluminium Limited, Montreal:** one of North America's great aluminum-producing enterprises. (In New York: Aluminium Limited, Inc., 620 Fifth Ave.)

ALCAN

Aluminum *from* Canada

PLENTY OF DEMOCRATS READY TO TANGLE WITH IKE IN '56

A real scramble is developing for the Democratic nomination in 1956.

Adlai Stevenson looks like the top man just now. But many hopefuls are in the field.

Big question is Ike—whether he will run again. Stevenson himself remains noncommittal about plans for 1956.

Democrats, trying to come up with a presidential winner for 1956, foresee an abundance of candidates and fully as many difficulties. Even this early, party leaders count more than half a dozen men whose attitudes range from eager to willing, and discern others in the background.

For the time being, all are restrained by two big uncertainties—the intentions of President Eisenhower and of Adlai E. Stevenson, the party's 1952 nominee. If Mr. Eisenhower is a candidate, the party concededly would be hard put to find a winning nominee, although several Democrats would like to try. And, if the President should step aside, many foresee a scramble for the nomination.

Leader of field. Among the Democratic possibilities, Mr. Stevenson generally is given the inside track. But he, too, declines to say whether he will be a candidate. If he wants the nomination, many think he has only to say so. Political experts say his strength is such that it would be very difficult to put together a combination strong enough to deny him the nomination.

Nevertheless, a "stop Stevenson" movement, many think, would be inevitable. There are important islands of opposition within the party. The opposition comes from men who think that an entirely new ticket should be presented and argue that defeated nominees do not come back and win. And parts of the South could be expected to rebel again at Mr. Stevenson's nomination because of his "liberalism" and the civil-rights issues.

Polls, however, show that Mr. Stevenson would be the party's strongest nominee. Most party leaders obviously are hopeful he will run, but conscious of other possibilities. These possibilities include several Senators, among them Estes Kefauver, of Tennessee, a determined candidate; Lyndon B. Johnson, of Texas, in whose behalf a drive is expected to develop later; Robert S. Kerr, of Oklahoma, who was a candidate in 1952, and Stuart Symington, of Missouri.

Traditionally, the Democrats have solved their presidential problems by turning to the Governor of a State. Averell Harriman, of New York, is hopeful but for the present is backing Mr. Stevenson. In addition, a number of comparatively young Democrats won gubernatorial elections last year and became presidential eligibles.

Mr. Stevenson's position. Pressures are piling up on Mr. Stevenson to make his decision and announce it as soon as possible so that one uncertainty, at least, can be cleared away. These pressures come from many sources, including some of Mr. Stevenson's friends.

The latter fear that, if a decision is long deferred, his position in the party may deteriorate. In 1952, Mr. Stevenson made no announcement of his candidacy until the Democratic Convention had nominated him. Expectedly, it will be different this time. Paul M. Butler, the Democratic National Chairman, a Stevenson man, says that the 1956 nominee will not be "drafted" but must get out and work for the nomination ahead of time.

Pressure for an early announcement also comes from Governor Harriman, although Mr. Stevenson denies the Governor has given him an ultimatum. The two are close friends. If Mr. Stevenson decides to run, the Governor is pledged to back him with all the prestige and ballots at his disposal. The latter include New York's 94 or more ballots, the biggest bloc of them all.

An eager Governor. Mr. Harriman and his supporter, Carmine G. DeSapio, chief of Tammany Hall, have these ballots under secure control. Mr. DeSapio, a seasoned politician, is eager to start organizing openly on Governor Harriman's behalf but cannot do so unless Mr. Stevenson withdraws. Mr. Harriman also has said that whoever is to be nominated should get out and start working early, not only for the nomination, but also with a view to making issues that will win the election.

In any event, Mr. Stevenson's friends say that more and more he shows signs of being a candidate. He is reluctant to run again, finds a presidential campaign grueling, exhausting work. But, reportedly, he has passed the word that at the right time he will say "yes."

Kefauver strategy. It is expected that Mr. Stevenson's "yes" would discourage some, though not all, of the present field of possible candidates, reduce them to seekers for the Vice Presidency. But one who would not be dissuaded is Senator Kefauver, now anxiously trying to find an issue to keep him before the public as his crime investigation did in 1952.

The Senator plans an aggressive campaign whether Mr. Stevenson runs or not. As he did in 1952, he expects to go into the numerous State preference primaries at which Convention delegates are given their instructions.

Mr. Kefauver did well in the 1952 primaries, and, with his crime investigation still fresh in many minds, proved himself a vote getter. The result was enough Convention votes to put him in the lead on the first two ballots. Then

—Costello in the Albany Knickerbocker News

"STRAWS IN THE WIND"

[continued]

PLENTY OF DEMOCRATS READY TO RUN

came the swing to Mr. Stevenson and, on the third ballot, the latter was nominated.

Seeking an issue, Mr. Kefauver has been making numerous speeches attacking President Eisenhower and his policies. His latest was to blame the President for the mix-up over the Salk polio vaccine.

Available Senators. Less openly a candidate, but still hopeful, is Senator Johnson, the Democratic Floor Leader. He is closely allied with another Texan, Speaker Sam Rayburn, in the management of party affairs at the Capitol. Texans—though perhaps not including Mr. Rayburn, who is on close terms with Mr. Stevenson—expect to go to work for Mr. Johnson when the time looks right. Senator Johnson, at 46, however, is young enough to look forward to 1960 and later, and realistic enough to appreciate that presidential nominations do not go to Southerners these days.

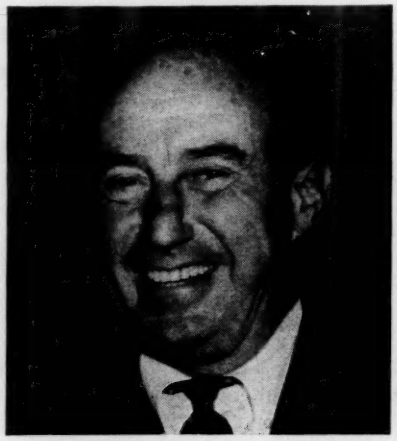
Senator Kerr, log-cabin born but now a wealthy Oklahoman, and Senator Symington, who held high office under the Roosevelt and Truman Administrations, are not pushing their candidacies at this time. Nevertheless they are available.

Material in the statehouses. In the last half century, five of eight individuals who were given the Democratic presidential nomination were Governors of their States. The State capitals present numerous possibilities just now, in the event of a wide-open contest for the nomination, or as compromise choices in the event of a deadlock.

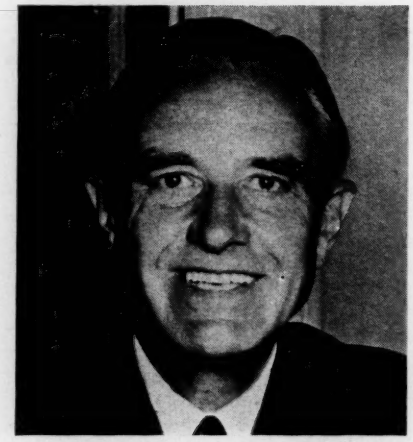
In Michigan, Governor G. Mennen Williams, at 44, after four elections as Governor, is looking for bigger things. He gets solid labor support and has the State's 40-odd ballots as a bargaining weapon. In populous Pennsylvania, Governor George M. Leader attracted attention with his surprise victory of last autumn. In the Border State of Tennessee, Governor Frank G. Clement has impressed party leaders with his ballot-getting oratory. Governor Robert B. Meyner of New Jersey is occasionally discussed as a possible nominee.

In addition, Governor Frank J. Lausche of Ohio is a perennial winner in that usually Republican State. He runs as a Democrat. Otherwise he tries to avoid partisanship, since he usually gets many Republican as well as Democratic votes. He was on good terms with the late Senator Robert A. Taft. Mr. Lausche is not expected to seek the nomination, but, in a pinch, the party might turn to him.

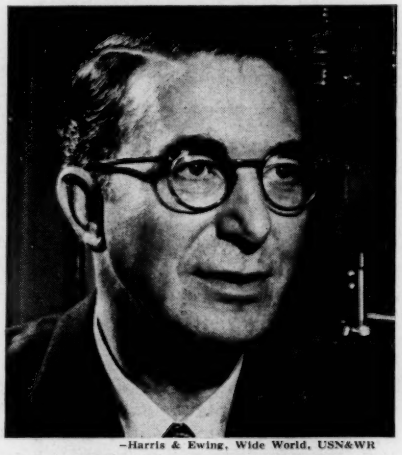
Thus, the Democrats have many possible nominees. As of now, however, the choice of the party depends first of all on Mr. Stevenson's decision to run or not to run.



STEVENSON OF ILLINOIS



HARRIMAN OF NEW YORK



—Harris & Ewing, Wide World, USN&WR

KEFAUVER OF TENNESSEE

They are not alone

The suspicious South. Southern leaders have not committed themselves, and they are obviously suspicious and alert. They talk privately of Mr. Stevenson, but apparently do not want him. Governor Allan Shivers of Texas, who was instrumental in throwing his State to Mr. Eisenhower in 1952, says he would not support Mr. Stevenson in 1956 either, "unless he makes considerable changes in his views."

Mr. Stevenson and Mr. Butler, the party Chairman, have been at some pains to soothe ruffled Southern feelings. The latter has said there would be no reprisals against Southern Democrats who deserted in 1952. There are others who threaten to challenge the right of these Democrats to serve as delegates to next year's Convention.

If Mr. Stevenson appears the probable nominee, the South can be expected to draw back again, perhaps advancing a candidate of its own, hopelessly, as it pushed Senator Richard B. Russell, of Georgia, forward at the 1948 and 1952 Conventions.

A split? Any candidate supported by the Northern "liberal" element of the party—Governor Harriman, Governor Williams or the Border State Senator, Mr. Kefauver—would be unacceptable to a large part of the South. That area might, however, support Governor Lausche, Senator Johnson or Senator Kerr.

In the end, the South is not expected to have its way at the Convention. And, if some Southern leaders then should support the Republican nominee, there are many who question whether they again could carry such States as Texas, Florida and Virginia, because of the segregation issue.

Timing. There remain important questions of timing. President Eisenhower has indicated his decision will be announced by early March. Whether Mr. Stevenson can postpone his own decision that long without running into difficulties is questioned. And some expect him to state his intentions by the end of the year anyway.

Contrary to tradition, the Democrats are to meet and nominate before the Republican Convention next year. But, even if Mr. Eisenhower withdraws in March, a Republican movement to "draft" the President still could leave an Eisenhower nomination a possibility when the Democratic Convention meets.

Many Democrats, Mr. Stevenson among them, dispute the often-repeated statement that Mr. Eisenhower is unbeatable. In any event plenty of them are ready to make the attempt.

CHICAGO'S COMEBACK

Things are looking up in Chicago. The big town is going places. Almost everybody visits "the Windy City" sooner or later. Nowadays you can feel a fresh breeze there, see Chicago hard at work.

The hub of America has shaken off the blues. The city is expanding, producing, and boasting about it. There is a new urge to make the most of Chicago's choice location, its big potential.

Here, a survey by *U. S. News & World Report* gives you an inside picture of Chicago in its recovery stride.

CHICAGO

Chicago, which poet Carl Sandburg called "a tall bold slugger set vivid against the little soft cities," is making a comeback—from ceiling zero.

The big, hard-boiled town on Lake Michigan is no longer satisfied to rest in second place among American cities, watching others grow. Chicago is awake again after a fretful sleep that lasted a quarter of a century, more or less.

Industry, commerce, money and people are flowing into Chicago once more, now that the sprawling American crossroads is back on the upgrade.

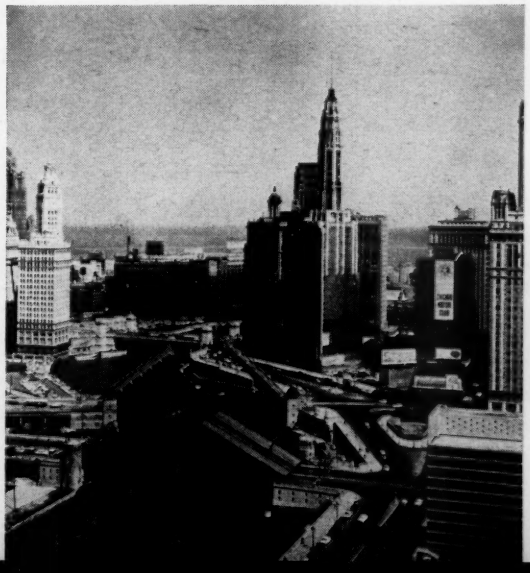
Chicago's leaders can already produce statistics to show that the city has the fastest-growing industrial area in the U. S., and the most diversified; that it makes more steel than Pittsburgh or Great Britain; that it leads the country as a center of rail, air and motor transportation.

Not too far in the future, Chicago can see itself challenging New York's control of commerce. It looks for development of the St. Lawrence Seaway and the river route to the Gulf of Mexico to enhance its importance as an inland seaport for Middle America's goods.

From scratch. Back in 1939, Chicago was really down in the dumps. Its usual breezy bluster was sunk in apathy. It had stopped growing and spending. It was living on relief, thinking in the past.

Today the city has almost 3.8 million people, a gain of some 400,000 since 1940. In the metropolitan area there are nearly 6 million, spread over five Illinois counties and one in Indiana. These people have achieved these things:

- Industrial output, wholesale and retail trade are roughly four times what they were in 1939. Plant investment rises steadily, ahead of all other U. S. cities.
- The building fever is epidemic for the first time in 20 years. Chicago, working on everything from skyscrapers to superhighways, topped every other big-city area in the country in construction jobs last year.
- The city itself, with a manageable debt and good credit, is spending with both hands—760 per cent more on public improvements than in 1939.
- The Chicago rail network is handling 11 per cent of the country's freight, more than New York and St. Louis put together. Midway Airport, soon to be replaced by a bigger field, was the country's busiest last year, with 7.5 million passengers. Trucking in Chicago has become a billion-dollar business.
- Chicago banks are gaining, at the expense of New York. Interbank balances in the Chicago Federal Reserve district are up 24.2 per cent since 1940. New York's are down by 22.3 per cent.



Looking 50 years ahead. Chicago remains not quite half the size of New York but is talking in terms of catching up before the end of the century. It doesn't worry any more about keeping its population lead over fast-growing Los Angeles, slow-growing Philadelphia, or industrial Detroit.

Why? Because Chicago is beginning to get rid of its slums, to rebuild and to paint and repair, to tackle its traffic and transit problems, and to check the flight of people and business to the suburbs.

Chicago is still Chicago, one of the few places left where men

[continued]

CHICAGO MAKES A COMEBACK

shake dice at hotel cigar counters. But the easy crime that was synonymous with the city in Al Capone's day has been subdued and stamped under cover. These nights, bawdy old Chicago seems almost sedate.

Way back up. You might think that Chicago, after its raffish and wastrel years, had no place to go but up; that a comeback would be easy.

But Chicago, like a man who goes on a spree in middle age, had a hard time forgetting its sins and getting back to work.

Chicago had its big binge in the prohibition '20s, the era of gang warfare. It was still reeling from the hangover, feeling the aftereffects of entrenched crime and slipshod politics, when the depression hit—and hit hard.

The city stopped trying, grew fearful. Public services got old and creaky. Better-off people abandoned the city as a place to live, moved to such North Side suburbs as Evanston, Wilmette, Winnetka.

Leadership for central Chicago faltered. Stanch old families that had helped make Chicago great—the Armours, the Swifts, the Pullmans, the Potter Palmers and the McCormicks—were dying out. For years, the strident voice of Col. Robert R. McCormick and his Chicago *Tribune* seemed to be the only one that was shouting for "Chicagoland."

The Colonel died last month. But he lived to see his city start back up.

Problem town. World War II gave Chicago's industrial potential a powerful shot in the arm, almost before the city realized it. Chicago outstripped all other metropolitan areas with 1.3 billion dollars' worth of war plants. They were to be the basis of the peacetime industrial boom.

However, depression and war left Chicago with a filthy back yard, 45 square miles of run-down neighborhoods or actual slums. The city began to acquire a "Negro problem," as incoming workers from the Southern States spread through the city, instead of staying on the South Side.

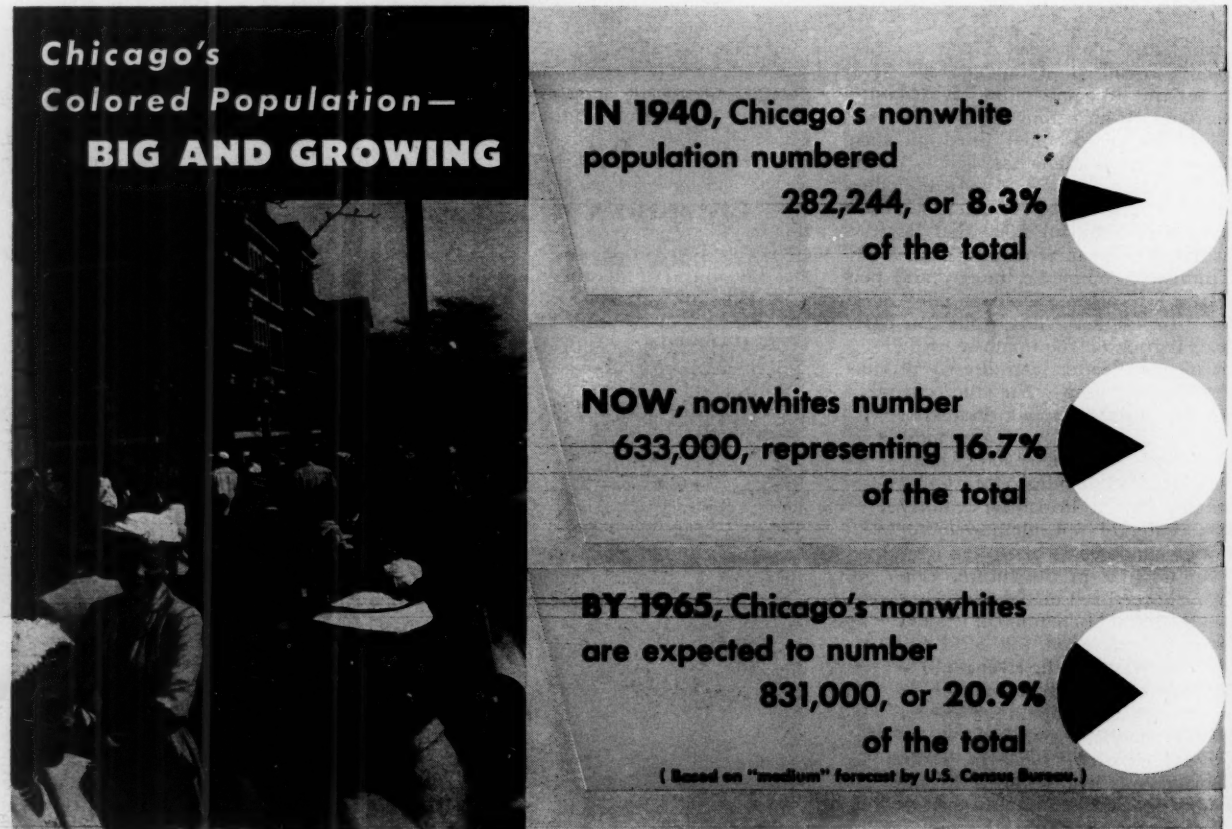
Few of the 12.5 million people who visit Chicago every year, for business or for pleasure, saw anything of this problem city.

What they saw was a superb lake-front development of beaches, parks, drives and dignified institutions such as the Art Institute or the Natural History Museum; a skyline dominated by the white Wrigley Building, the Tribune Tower, tall hotels and office buildings; glossy shops along broad Michigan Avenue, and the big stores in the nearby Loop.

New backbone. But even at the low point of its run-down condition, Chicago never injured the backbone of the current revival—its industrial power.

Expansion of these industries has been impressive since conversion from war production. More than 1.7 billion dollars has been poured into peacetime plant facilities in the area. Today, four out of every 10 Chicago workers are employed in manufacturing. And the pay is good.

Surveys show that Chicago has led all metropolitan areas in new factories since the war. Philadelphia, Houston, Detroit, Los Angeles and Pittsburgh have trailed


Chicago's
Colored Population—
BIG AND GROWING
IN 1940, Chicago's nonwhite population numbered 282,244, or 8.3% of the total
NOW, nonwhites number 633,000, representing 16.7% of the total
BY 1965, Chicago's nonwhites are expected to number 831,000, or 20.9% of the total
(Based on "medium" forecast by U.S. Census Bureau.)

Source: Census Bureau, Chicago Plan Commission, Chicago Housing and Development Coordinator Photo: Lieberman from Black Star

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in terms of dollar investment in industry, in that order.

At the same time, the big merchants downtown started putting 70 million dollars into their State Street retail stores, while not neglecting the suburbs. Wholesalers, serving a trading area that stretches from western New York State to Montana and New Mexico, upped their volume from about 4 billion dollars in 1939 to more than 15 billion in 1954.

The manufacturing boom pushed Chicago to the top in some important industrial fields. In 1953, steelmaking capacity of the Chicago district passed 22 million tons, compared with 20.2 million for Pittsburgh.

Chicago became the country's third-largest oil-refining center.

Diversity makes the Chicago industrial complex the envy of cities such as Pittsburgh and Detroit, which lean heavily on one industry. No one industry has more than 15 per cent of the total Chicago output. "Chicagoland" now turns out everything from bacon to snuff, and Mr. Sandburg's well-remembered phrase, "hog butcher for the world," tells only part of the story.

Over all, Chicago's industrial output has quadrupled since 1939, climbing to 18.3 billion dollars in 1953. Even though this output sagged to 17 billion in 1954, a year of inventory cutbacks, manufacturers spent nearly 232 million on plant investment. Nobody got scared.

Where to grow? Trend of Chicago factory investment since the war, until quite recently, was toward the suburbs, partly because there is more room there and partly because of the growing pool of skilled labor in new sections outside the city limits.

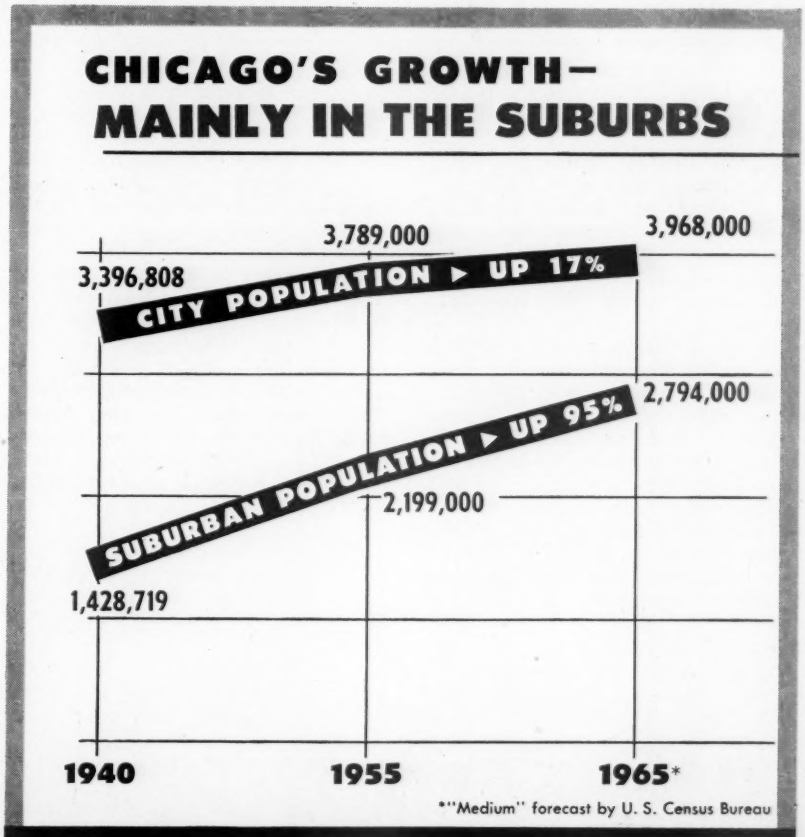
Something has been happening lately, however. In the last three years, more new plants have been located inside the city than outside. Last year, for example, there were 114 new-plant projects inside the city, 92 outside.

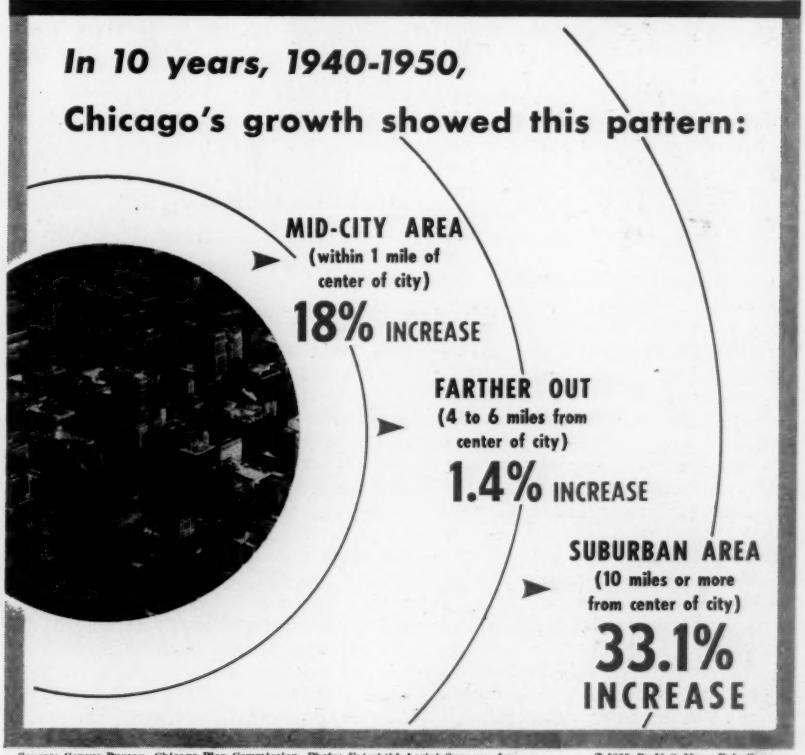
Chicago planners, therefore, are beginning to wonder if the "suburban pull" is not beginning to lose its magnetism. Builders of more compact plants, according to the Chicago Association of Commerce and Industry, are showing "a decided preference" for locating inside the city.

One reason: better access to rail and water facilities. Then, too, Chicago's tax structure is proving more stable, despite its complexity, than the skyrocketing rates in some of the new suburbs. Finally, the central city is providing a big supply of semiskilled labor.

Shifting city. The new labor pool is fed by the migration that the industries attract. Newcomers keep Chicago growing inside as well as out.

Latest estimates give the city of Chicago 3,789,000 people; the suburbs,




In 10 years, 1940-1950,
Chicago's growth showed this pattern:
MID-CITY AREA
(within 1 mile of center of city)
18% INCREASE
FARTHER OUT
(4 to 6 miles from center of city)
1.4% INCREASE
SUBURBAN AREA
(10 miles or more from center of city)
33.1% INCREASE

Source: Census Bureau, Chicago Plan Commission. Photo: Fairchild Aerial Surveys, Inc.

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[continued]

CHICAGO MAKES A COMEBACK

2,199,000. Since 1950, the city population has grown 4.6 per cent; the suburbs, 17.3 per cent.

During the 1940-50 decade, the very heart of Chicago—that part within a 1-mile radius of the center—showed a population gain of 18 per cent. This gain was predominantly among Negroes. In the inner circle, the nonwhite increase was 196.1 per cent; the white increase, 9.2 per cent.

In the same decade, over the whole city, the nonwhite population's increase shows up in census figures as 80 per cent, while the white population actually decreased by 0.1 per cent.

Chicago now has 633,000 nonwhites, or about 1 out of every 6 residents. By 1965, experts forecast, Chicago may have around 1 million nonwhites, or 1 out of every 4 or 5 people.

Here, then, is what Chicagoans call "the Negro problem," or the "unmentionable."

Where to live? Heart of the problem, officials say, is housing. There is no doubt, they assert, that the growth and spread of Negro families to almost every part of Chicago has been a factor in the movement of white people to the suburbs, and in the deterioration of some neighborhoods.

Until recent years, Chicago was one of the most segregated of Northern cities. Most Negroes lived on the South Side or in a few suburban pockets. In other parts of Chicago there were Jewish, Polish, Italian, Irish and German sections.

Spread of the Negroes from the South Side, however, has broken down this voluntary segregation. The Negroes first began to move into the traditionally Jewish area west of the Loop, then into nationality districts.

An undercurrent of tension has accompanied the "move-ins," which have occurred at the rate of one block every 10 days. Illegal conversions of old houses into small multiple apartments have caused resentment. The Negroes themselves have been exploited by greedy landlords.

There has been only one serious outbreak of racial trouble, however. That was at a section called Trumbull Park Homes, in August of 1953. The area is still heavily policed.

Schools in Chicago have felt the effects of the changing character of hitherto "unmixed" neighborhoods. Some developed empty classrooms when white families moved away. Nearby schools would be overcrowded with Negro youngsters. But in some cases officials have hesitated to transfer the Negro children to the "depopulated" schools because they feared trouble would develop.

One of the answers to where the Negroes are to live is Chicago's public-housing program. Some 2,000 acres of slum area is being cleared; about 15,000 low-income dwelling units have been or are being built.

Negro families in the middle-income group—and they are numerous—will occupy 95 per cent of Lake Meadows, the 2,000-apartment development on the South Side that is being completed by the New York Life Insurance Company.

The renewal idea. The other side of the housing problem in Chicago, as elsewhere, is how to keep middle-class white families from "escaping" to the suburbs.

Chicago planners now have come up with an answer to the suburban lure and to the need for a "new" city. They have begun a development program that involves removing blighted structures from a neighborhood or district, retaining the worthwhile homes and buildings, and filling in the gaps with modern residential and business structures.

First such project to get under way is in the Hyde Park section of South Chicago, adjacent to the University of Chicago. It will cost 20 million dollars, with federal, State and city subsidies helping to pick up the tab.

The Hyde Park project involves tearing out pockets of blight from 47 acres, leaving a core of good buildings and

—Lieberman from Black Star

THE 41-STORY PRUDENTIAL BUILDING
. . . first skyscraper to go up in Chicago since the depression

Vacant land for building within the city limits is at a premium, some of it hard to get at $10,000 an acre. All of it is expected to be exhausted by 1960.

Thus, house building has been mainly in the suburbs. Between April of 1950 and the end of last year, the Chicago area ranked third in the nation in new-home construction, behind New York and Los Angeles. But, of the 200,196 dwelling units built in and around Chicago, nearly 140,000 were in the suburbs—mainly the new ones such as Skokie, Niles, Lincolnwood and Park Forest.

Moreover, surveys made in 1950 show that 62 per cent of all the city's dwelling units were built in 1919 or before, and that nearly one fifth of the total were dilapidated or lacked a private bath.

houses, then putting in 712 modern units.

The South East Chicago Commission is handling the project. Julian Levi, head of the Commission, believes that when suburbanites see the finished product inside the city, they will be sorry they moved out of town.

Boom downtown. All told, the redevelopment now envisaged for Chicago will cost a billion dollars. Downtown, however, private enterprise already is beginning to build on a big scale, after many years of doing nothing.

Buildings now in the works, or in the stage of serious planning, will give the central city what amounts to a new skyline.

The first skyscraper to go up in Chicago since the depression, the 41-story

Prudential Building on Michigan Avenue, is almost finished. Other big buildings are slated by the Inland Steel Company and the Harris Trust & Savings Bank.

Biggest, most imaginative project is the plan for a new Fort Dearborn, on the spot where the original outpost was built in the winter of 1803-04.

Fort Dearborn is the conception of Arthur Rubloff, one of Chicago's biggest builders. It still is in the model stage, but most Chicago businessmen are convinced it will take definite shape in the next five or 10 years.

The new 400-million-dollar Fort Dearborn would cover 151 acres in the heart of Chicago, replacing a section that is deteriorating or already blighted. It would extend the downtown lake-front development from the Wrigley Building inland to the Merchandise Mart, with the Chicago River as a scenic feature.

Idea is to give Chicago something comparable to, or better than, New York's Radio City or Pittsburgh's Golden Triangle.

The city hall, county, State, federal and courts buildings would be moved to new quarters in Fort Dearborn. There would be a new public library and, perhaps, a city campus for the University of Illinois.

These plans are being shifted around and are bound to be changed still more before the first buildings go up. For one thing, the University of Illinois is toying with an idea even more unusual—a Chicago campus built on a man-made island off the lake shore.

On State Street. Ideas such as these are frankly "in the sky" just now. But they are part of the new breeze that is blowing through Chicago—one that you feel already in State Street, which has always called itself "Main Street for the Middle West."

Here you find Chicago's biggest department stores—Marshall Field's, Carson Pirie Scott, The Fair, Goldblatt's, others.

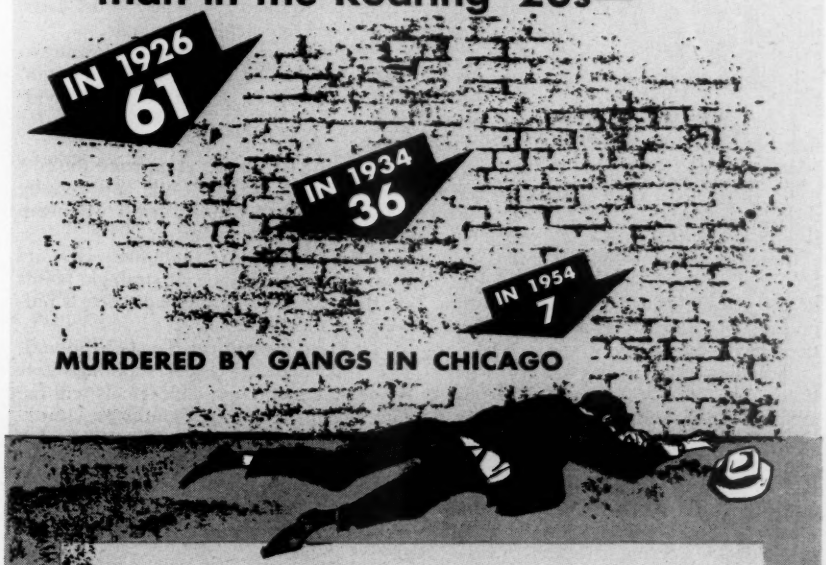
Even sooner than their counterparts in New York, Los Angeles, Philadelphia and other big cities, the State Street merchants have had to face the suburban trend toward shopping centers, branch stores and other enterprises that tend to keep customers out of the central city.

Since the war, however, the State Street merchants have been investing heavily in their downtown properties. Through their State Street Council, they have had a hand in most types of private and public activity aimed at keeping good customers in Chicago and bringing suburbanites back to town when they are in a shopping mood.

State Street's promotion has paid off in sales figures. Sales volume of the downtown stores continues to rise, although not in the same percentage ratio as the

CRIME in CHICAGO— STILL BIG, BUT DECLINING

Gang killings are fewer than in the Roaring '20s—



Anticrime drive of recent years is producing results—

	1952	1953	1954
Homicides	289	291	277
Rapes	627	535	471
Robberies	6,261	6,980	7,984
Assaults	4,283	4,352	4,132
Burglaries	13,498	13,279	15,805
Larcenies	23,000	21,599	20,962
Auto thefts	8,195	7,688	5,053

Source: Chicago Crime Commission

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[continued]

CHICAGO MAKES A COMEBACK

suburban centers. Last year's retail sales in the city were 5.2 billion dollars, as against 5.1 billion in 1953.

In some cities, the big central stores are putting more and more stress on their suburban outlets, less and less on the downtown trade. In Chicago, however, the idea is taking hold that, while the growth of suburbia is natural and inevitable, the city merchant must take advantage of old and new sets of opportunities.

Marshall Field's is now going in for its first big suburban branches in 25 years—in Skokie and Park Forest. But, meanwhile, it has spent 25 million dollars on its downtown store since the war—more than the buildings cost in the first place.

Untying the tangle. One big boost for the downtown stores, something they helped push through themselves, is the present transformation of traffic conditions in the Loop.

Traffic in Chicago has always been a headache. The Loop, hemmed in by its elevated lines, was almost always in a snarl.

For traffic entering the downtown section from outlying areas, there was only one modern artery, the Lake Shore Drive. Most other routes were bottlenecks, and still are, as you can find out any day by trying to get to Midway Airport in the rush hour.

Today, at least in the Loop, you find a real difference. A pattern of one-way streets has been established to carry traffic in an even flow. Heavy trucks are barred from the area in busy hours, have to unload at perimeter terminals.

Biggest improvement is in downtown parking. New, municipally built garages, below and above the streets, are providing nearly 8,000 new parking spaces for workers and shoppers.

First to go into operation were the two underground garages built and run by the Park District underneath Michigan Avenue and Grant Park.

Now the city has built five elaborate new parking buildings at strategic points in the downtown business district, is putting up four more.

The inward bound. To speed in-and-out traffic, a network of superhighways is being cut through Chicago. It will fan out north, northwest, southwest, south. Total cost will approach 470 million dollars.

These through roads are badly needed to move Chicagoans to and from work. A recent "cordon count" showed that in a 12-hour daytime period 235,000 people enter the central business area by private car.

Public transit, for many years a Chicago bugaboo, already has been improved greatly by the eight-year-old Chicago Transit Authority. The expressways will help further by providing a center right-of-way for rapid transit.

Since the CTA took over the old private lines, surface equipment has been almost 100 per cent modernized; elevated rapid transit, about 80 per cent.

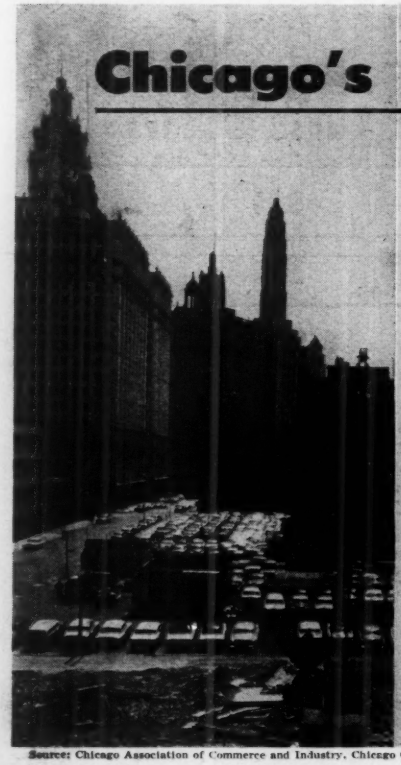
Charging a flat 20-cent fare, the CTA has managed to pay its own way despite the steady falling off in surface passengers that is common to U. S. cities in the postwar auto age.

Nevertheless, the rapid-transit lines, as distinguished from the surface cars and buses, have held their own in passengers since the war. They even gained in 1954.

The new era. To pay for the big program of improved transportation, as well as for all other public improvements that were neglected for so long, Chicago is entering an era of big municipal spending.

This year's appropriations for capital improvement by the City of Chicago,

(Continued on page 44)



Chicago's BUSINESS IS BOOMING

INDUSTRY: Growing fast, reaching out to new fields. Output: 18 billion dollars a year, 4½ times prewar 1939.

STEEL: Chicago area claims to lead all others. 1954 steel production: 18.4 million tons, 21 per cent of U.S. total.

CONSTRUCTION: Booming. Nearly 110,000 people worked on Chicago construction jobs last year. Here, again, Chicago led all cities.

NEW PLANTS: Postwar investment in industrial plants: more than 1.7 billion dollars, another first among U.S. cities.

WHOLESALE TRADE: More than 15 billions a year, nearly 4 times prewar.

RETAIL SALES: 5.2 billions a year, 3½ times prewar.

PUBLIC IMPROVEMENTS: To cost 215 million dollars this year. That's at a rate of $8 for every $1 spent on public improvements in 1939.

Source: Chicago Association of Commerce and Industry, Chicago Civic Federation Photo: Lieberman from Black Star

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(Advertisement)

Management and labor see eye to eye on CREDIT UNION benefits

"... one of the happiest chapters in the history of labor-management relations."
—**JOHN N. MARSHALL,** *President of Granite City Steel Company, Granite City, Illinois*

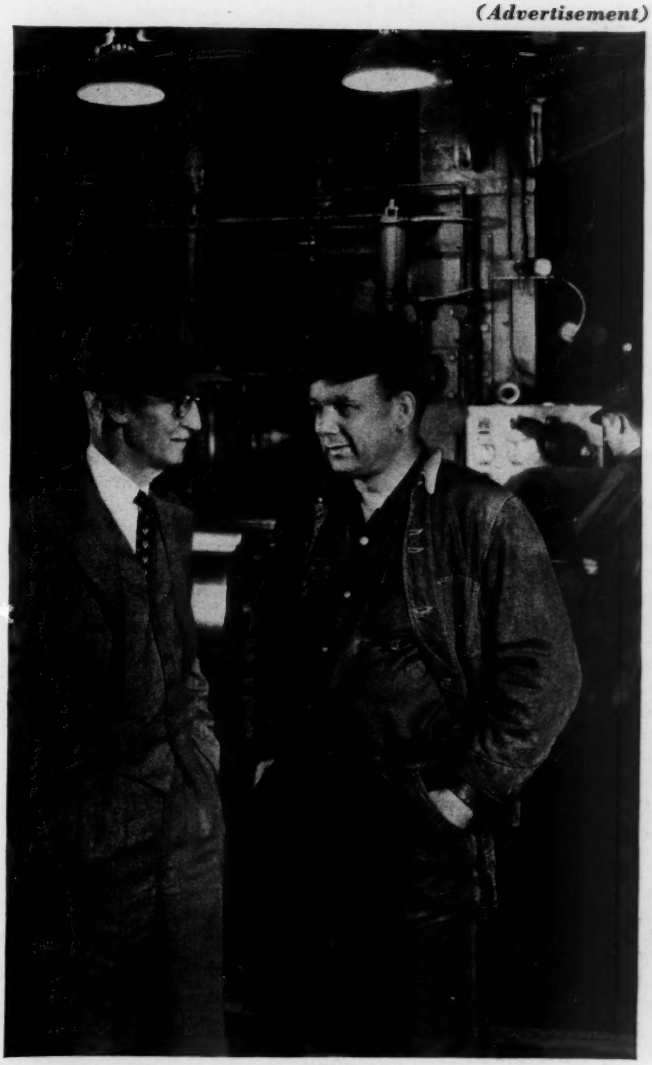
"... proof that what is good for employees is good for business, too."
—**MONROE FLINN,** *Chairman of the Joint Union Committee (CIO), President Local 16*

TODAY in thousands of American businesses, employees are operating credit unions to help each other solve their own personal financial problems.

This 100-year-old plan helps people save money conveniently and profitably right where they work. It provides a place where they can get low-cost loans with dignity and self-respect. Credit unions are supervised by state or federal agencies, but run by members themselves in the democratic, American tradition of people working things out together.

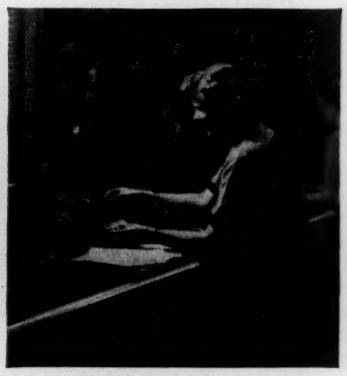
Where there is a credit union to help employees, such management problems as wage garnishments and pay advances practically disappear. There is far less absenteeism, job quitting and inefficiency due to money worries.

Many of America's best known companies have credit unions. The one at Granite City Steel is typical. Members currently have nearly $1,000,000 in savings, and the credit union has helped the employees by loaning them over $3,500,000 during its 13 years of operation. The outstanding success of employee credit unions has won their enthusiastic endorsement by both management and labor.



MR. MARSHALL AND MR. FLINN are both members of the credit union at the Granite City Steel Company. They are shown here in the steel plant discussing the many advantages of having a credit union.

JAMES C. HUTCHISON, rolling machine operator, says, "Our credit union has helped me out several times. Believe me, it's sure good to have a place to get a low-cost loan right where you work!" Members also find it is cheaper to use credit union loans and pay for their major purchases with cash.



REGULAR SAVING is encouraged by the convenient location of the credit union right here in the plant. There is a strong incentive, too, in the good return paid on savings. Actually, many people save successfully for the first time after they join a credit union.

CLIP AND MAIL
Credit Union, Dept. 301, Madison 1, Wis.
Please send me, without cost, complete information on organizing a credit union.
NAME
ADDRESS
COMPANY NAME

THIS IS FOR YOU. If you are an *employee* of a company with 50 or more people, you can become a credit union member by joining with your friends at work. *If you are an employer,* encourage the formation of a credit union in your plant or office. Cut out and mail this coupon now. You'll get full information on how to join or help start a credit union.

[continued]

CHICAGO MAKES A COMEBACK

only one of six major governmental units in the municipality, will total nearly 215 million dollars. That total compares with 25 million in 1939. In fact, the capital-improvement budget for 1955 exceeds the 188 million that the city is putting aside for operating expenses.

An extensive school-building program is separate, under the Board of Education. Two 50-million-dollar bond issues, the second one just voted, are expected to bring Chicago abreast of its school-population increase.

Total appropriations for Chicago local government in 1955, by all six units, will be 845 million dollars, up 44 million from 1954. This compares with New York City's new budget of $1,780,000,000. What is certain, tax officials say, is that Chicago's spending will keep on going up.

Where is the money going to come from? Chicago has to raise most of it locally, from property taxes. It is hamstrung by the State Legislature on other ways to get revenue. It has no sales tax of its own, no income tax.

But the big taxpayers are, and will continue to be, Chicago's industry, business, railroads. They pay not only on real estate and equipment, but also on goods on hand or in process.

The tax bite. This year, if you live in Chicago and own property, your tax rate is $3.768 per $100 of assessed valuation, which by law is supposed to be 100 per cent.

Comparatively, the rate is high. Last figures available—for 1953—show that Chicago ranked third among large cities in property taxes, only Boston and Detroit having higher rates.

Rolled into the tax rate are the expenditures of the six major governing units: City, Board of Education, Park District, Sanitary District, Cook County and the Forest Preserve District. Then, in Cook County, there are 384 separate taxing units.

Now that Chicago and all its units are spending more, the over-all debt, of course, is going up. Last year it reached some 445 million dollars.

This, however, was far less than New York City's gross debt of nearly 4.5 billion dollars, and less than one third of the average for the four other largest cities.

Why is Chicago's debt in such good shape? Simply, officials say, because the city spent so little on improvements during the depression and war years.

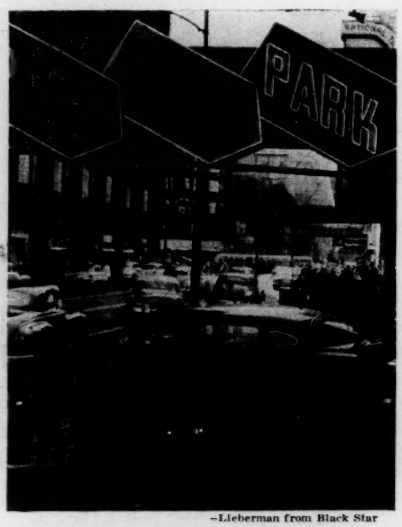
For the future, the big tax worries are inflation, increased services for a bigger population, demands of newly built or rebuilt areas. Then, too, Chicago needs more policemen. It has about 7,000 now, plus a park-police force of about 800. To deal effectively with crime, officials estimate, the city needs 2,000 more.

Shadow of crime. However, considering the shenanigans that went on here in the '20s, Chicago crime is peanuts these days.

Number of major crimes in most categories has been going down steadily in the last few years. Last year the total was 61,803, the lowest since 1950.

The only categories in which Chicago showed a crime-rate increase last year over 1953 were robbery and burglary—a rise that officials believe may be attributed to too few policemen.

Gang crime is scarcely a whisper of its old roaring self. There were seven



—Lieberman from Black Star

LOTS OF DOWNTOWN PARKING . . .
. . . and a pattern of one-way streets

gang murders in 1954, compared with 61 in 1926. Most open gambling is a thing of the past, although "policy" still thrives, especially in the Negro wards.

During 1954, investigators for the Chicago Crime Commission checked 2,242 suspected addresses, found only 78 gambling violations.

Businessmen and officials concerned with crime give much credit for the cleanup to Martin H. Kennelly, who just has retired after eight years as mayor. Mr. Kennelly's successor, Mayor Richard J. Daley, is pledged to keep the city cleaned up.

The little Capones. It doesn't follow, however, that organized crime is completely dead in Chicago, or that what is left doesn't have "connections."

According to crime investigators, a "Syndicate" still exists that is a direct heir of the old Capone gang. It is made up of aging hoodlums who, in the '20s, were minor members of the Capone bodyguard and who have had a continuous operation for 30 years.

In some ways the "Syndicate" has gone respectable, although it still is said to control the organized vice that goes on under cover, including the narcotics trade. "Syndicate" members, it is reported, now operate in restaurant and laundry fields and run jukebox, pinball, cigarette-machine and check-cashing operations.

During the last election campaign, charges were made that "Syndicate" leaders had links with certain chiefs of the Democratic machine, which won handily.

These Democratic bosses were said to have "dumped" Mr. Kennelly as their choice for mayor because they wanted a "wide-open Chicago."

Despite these charges, most Chicagoans seem to feel that crime, organized or otherwise, is no longer a major problem. Indeed, now and then you hear people complain that the town has lost its old lustiness, that a little more roistering wouldn't hurt anything, might even be in tune with the city's comeback.

Pride regained. Few Chicagoans believe that the city's over-all comeback is going to be clear sailing. Few deny the toughness of Chicago's problems in government, physical condition and racial adjustment.

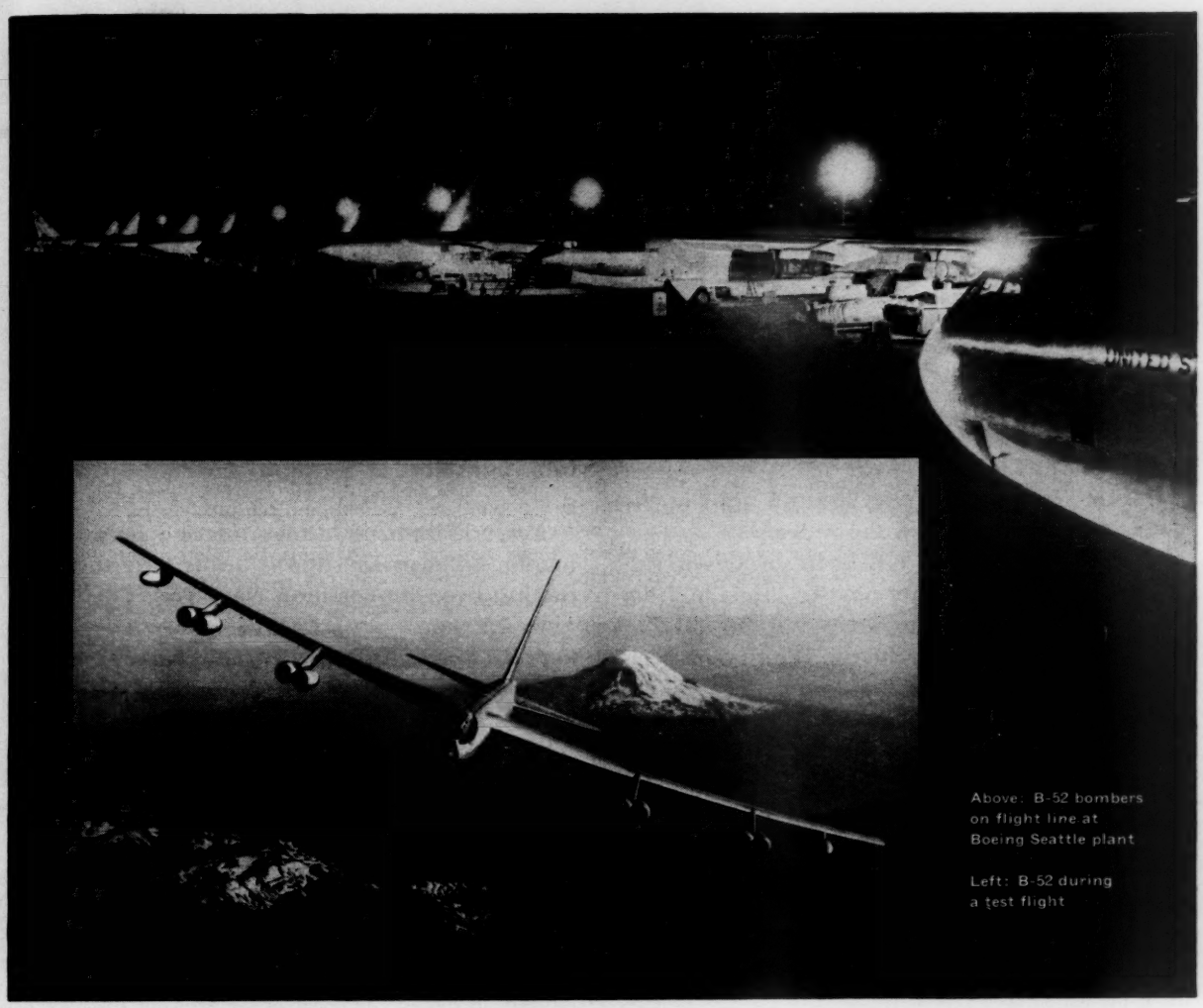
You can still find people in Chicago who think their city is doomed to be a second-rater, who are envious of New York, Los Angeles, Houston. The boosters who are promoting Chicago all over the country still have a selling job to do on some of their own citizens.

However, the pessimists are dwindling. New leaders and planners are coming up to replace the early-day architects and builders. They are pushing Chicago up from the low plateau on which it rested for so long.

That is the conclusion of important Chicagoans who have lived through two decades of civic frustration, and of outsiders who know the story of Chicago's long decline.

Chicago, these people say, has stopped apologizing to the rest of the U. S. It is rebuilding the kind of city that Chicagoans can brag about again.

For Mayor Richard J. Daley's views on Chicago's recovery—and future—see page 46.



Above: B-52 bombers on flight line at Boeing Seattle plant

Left: B-52 during a test flight

America's big jet bombers are meeting all schedules

Boeing B-52 global jet bombers are now well into the advanced stages of their flight test program—while production airplanes are coming from the factory on schedule. The airplanes assigned to this continuing test program are averaging nearly twice as many flight hours per month as any previous high-performance aircraft.

This record, in part, is a measure of the success of the B-52 design. It is also a reflection of the huge engineering resources of Boeing's new Flight Test Center—the largest, most complete facility of its kind in the country. This Center enables Boeing to achieve a higher percentage of productive flight test time than was possible before. Programs are planned far ahead, and so organized that on each flight, tests begin the moment the aircraft's wheels leave the ground.

Another part of the B-52's success stems from the earlier experience Boeing gained designing and test-flying the six-jet B-47. The high-altitude front-line B-47 today is the backbone of Strategic Air Command's striking force. It has logged hundreds of thousands of hours of pressurized flight at extreme altitude.

Boeing's experience in this field is unique. For in addition to building more high-altitude, multi-jet aircraft than any other company, Boeing 19 years ago developed the world's first pressurized transport, the Boeing Stratoliner, and the world's first pressurized bomber, the B-29, mighty air weapon of World War II.

Out of this Boeing background grows America's dominant position in the field of pressurized, high-altitude, multi-jet aircraft. It is a position backed by one of the country's largest pools of engineering manpower, by advanced research facilities, and by the Boeing tradition of creating airplanes that open new eras of military and commercial flight.

BOEING

Interview with MAYOR OF CHICAGO
Richard J. Daley

HOW A BIG CITY CURES ITS GROWING PAINS

What is Chicago up to?

America's second city, located right in the center of things, is on the move.

For years Chicago has been run down, ridden by crime and dirty politics. It has built up a backlog of civic neglect.

Now recovery is in the air. The city, its business and industry are building and spending. Chicago is cleaning itself up. It is planning a future, instead of coasting downhill on past glories.

Mayor Richard J. Daley, elected only last month, believes Chicago is on its way to becoming even bigger than New York City.

In this interview with *U. S. News & World Report*, Mayor Daley gives his reasons. He tells you what Chicago is doing, and what it needs to do to come out on top.

Q It's being said, Mr. Daley, that Chicago is making a comeback. What do you think of that?

A I think that's true. I think the real "I will" spirit of Chicago is being restored and revitalized. The citizenry of Chicago are very much alerted to the fact that we have a great city here, and there are many important projects under way and will be under way in order to make us the No. 1 city of the nation.

Q Do you mean that literally—No. 1?

A I mean that literally and figuratively. We are in the most choice position in mid-America. We have the new Prudential Life Insurance building emerging on the corner of Randolph and Michigan. O'Hare Airport is rapidly progressing. As a matter of fact, it looks as though we will be the outstanding inland port city of the nation with the development of the St. Lawrence Waterway. The various things that we're doing in the city of Chicago itself—the imaginative housing programs, the Fort Dearborn Housing Project on the near North Side coupled with the South Side developments will make us, in my opinion, the No. 1 city.

Q Can you foresee the day when Chicago might be bigger than New York?

A Yes, I can.

Q Can you guess when?

A Time is always something that you can't accurately put your finger on, but at present we are witnessing a movement of financial people from the East establishing in the Middle West. I foresee the possibility of a great metropolitan authority city, embracing all the suburbs around Chicago. If that happens, it could very easily come much faster than some people think.

Q Is it true that Chicago is ahead of all the other cities in industrial expansion?

A Yes, it is, and we're proud of it.

Q Would you base that on Chicago's central position?

A Not only its central position. I base it on its people. I base it on the fine co-operation and the integrity of the businessmen as well as the labor leaders in their fine labor relationships. We are one of the best cities in America in labor-management relations, and I believe that industry and business recognize that.

And, in the establishment of industry out here, we have all the natural resources. We have Lake Michigan. We're the air-rail center of the United States. We are virtually the trucking center. And, with all these facilities, we have a vast source of labor supply. But I would think the No. 1 reason would be the fine relationship between labor and management that has existed in our city.

Q But Chicago stood still for a good many years, didn't it?

A I think we did.

Q What do you ascribe that to?

A I think it was a combination of reasons. And also the fact that we had this tremendous flight from the city into the suburbs in the development and the building up of the suburbs.

Q What was the reason for that?

A Well, I think it was the usual reason—people moving from the city to the suburbs. This same question confronts every large city in the nation. It's the young people getting married and the shortage of the homes and schools adequate for a young family. But we now hope to reverse that trend, to bring people back from the suburbs to our city.

Q That's where your redevelopment program comes in—

A Right.

Q Where is redevelopment taking place?

A It's going ahead in Hyde Park and in places up north, going ahead in various places in Chicago, both under private and public enterprise.

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Rush of People to Midwest . . . Industrial Growth Is Highest In Nation . . . Cutback for Crime . . . More Revenue Needed

Q You get the feeling from statistics that the crime problem is not what it used to be—

A We are very happy about it. Recently the Federal Bureau of Investigation released statistics showing that crime had been reduced in Chicago, that there had been a reduction over a year ago, while crime in the rest of the nation increased. We think that's a fine record and we hope to improve that record.

Q Is there any organized crime remaining?

A Well, you have crime always, whether it's the large city or the village or the neighborhood.

Q But what about the syndicates, like the Capone gang—do they exist?

A Well, whether it's organized or unorganized, it's still crime and it has to be met on all the various levels by very rigid law enforcement.

Q Are some of the old hoodlums still around?

A If there are any, they are fast disappearing. The Police Department has done a very good job, a very effective job.

Q Is there any open gambling any more?

A There isn't. In fact, the statistics we like to cite are from the Chicago Crime Commission, which is made up of men and women in all phases of business and civic life. The Commission reported recently that gambling was at its lowest in the history of the city.

Q So, you don't think that the crime syndicate is a problem—

A I would say that crime is a problem always—all types of crime—and we shall continue to face up to it by intelligent police administration, by a change in police procedure, by the adoption of modern methods of crime detection. And one of the main things we're interested in here in Chicago is to increase the number of policemen on the streets. We think prevention is a big part of police activity. If you have sufficient policemen, and people know that police are patrolling the streets, you will prevent much of your crime.

Q And for more policemen you need more money—

A That's right.

Q Is that a big problem?

A That's the No. 1 major problem in the City of Chicago, as well as the other cities of the nation. They should have fair and adequate revenue to carry on the functions of city government, as well as the home-rule legislation which gives the cities the right to operate the type of government they want.

Q It used to be said that Chicago was run from down-State. Is that still true?

A There isn't any doubt you have to go to Springfield, to the State Legislature, for almost any changes in the revenue structure of your city.

Q Does the Legislature have to authorize it?

A Yes. As you know, the principal source of income in taxes is from real estate, and even there we must go to Springfield to have authorization to levy taxes on real estate to support the city government.

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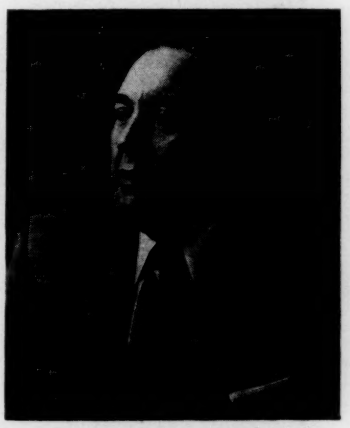
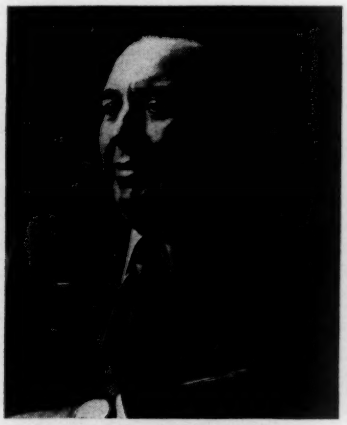
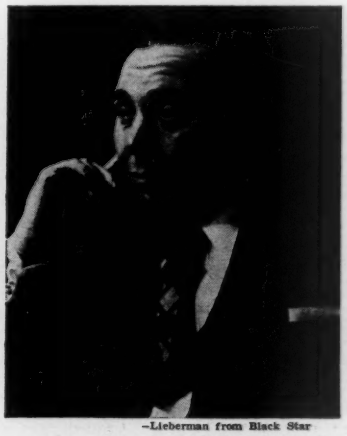
MAYOR DALEY SPEAKS FOR CHICAGO:



"We have a great city . . .



. . . all the natural resources . . .



—Lieberman from Black Star

. . . a vast source of labor supply"

. . . "We're hoping we can reduce our real estate tax"

Q For a sales tax, for example?

A Yes, we have to go to the Legislature for any tax changes.

Q We get the impression that Chicago has done pretty well in holding down its debts, and yet the taxes aren't too high. Do you feel that's true?

A I think the over-all picture is true. We're hoping we can reduce our real estate tax, if we obtain other sources of revenue and income.

Q Do you anticipate any big new need of services beyond the redevelopment program?

A Yes, we're going to have to do something about transportation, which is a problem in every large city. We're going to have to do something about the modernization and streamlining of our mass transportation system.

Q Isn't that pretty well modernized now?

A Well, it's a fact that we're going to have to speed it up and take it off the streets. We're going to have to do something about traffic. We're going to have to do something about the consolidation of our railroads on the south side of the Loop with a modern, up-to-date railroad terminal.

SPEEDING UP TRAFFIC—

Q Hasn't the traffic situation been improved recently?

A It has been, but that's one of the things you have to improve constantly. In other words, the Northwest Superhighway, Congress Street, the Calumet Skyway, coming into Chicago—there are going to have to be some provisions made for handling the traffic when it gets into the city. You can't just put it all on the streets as presently constructed.

Q Compared with New York, the problem here seems to be pretty well licked—

A Well, we haven't licked it completely. We have off-street parking and we're trying to develop a program of education so that as we develop swift local transportation, people will learn that they can come in from outlying areas, park their cars, and then get on fast-moving Chicago Transit Authority facilities, that would relieve much of the congestion.

Q Expressways will help on that, won't they? Won't they have a transit line down the middle?

A That's right. That's where we hope to extend the subways.

Q There are now two subways?

A That's right.

Q And you need a third one?

A Yes, on Wells Street.

Q One thing you hear a lot about in Chicago is the increase in the nonwhite population and the spread of it through the city. How do you feel about that as a situation?

A Well, every large city has the same problem. I think it's being met intelligently and constructively. There are educational programs in the neighborhoods among the churches and the various groups, human-relations programs, and those conducted by labor and business.

Q Do you feel that the Negroes will be a real asset to Chicago?

A I think they're an asset in any community, as far as they are like any other citizens and contribute what they can to the betterment and development of their community and city.

Q Is housing a big problem here?

A The big problem in every city is housing. It's the big challenge to every city. It is to me. Every day I pass through certain old areas of Chicago and I see the challenge to remove this type of living accommodation and replace it with clean, fresh, up-to-date homes for our young people.

Q That comes down largely to middle-class housing, doesn't it?

A Yes.

Q Do you need a lot of that in Chicago?

A I think we do, and I think we are providing it. We have private developments and we have different dwelling associations authorized by our legislation. We have a Land Clearance Commission, the New York Life project, the great development of the Illinois School of Technology, the Michael Reese project, and the University of Chicago development. All of these are being done with the combination of public and private help. Recently Chicago was the first great city to have its conservation and housing program approved by the Government.

Q Is the Federal Government helping out on them, too?

A Yes, they are. The University of Chicago Development is being aided with federal funds.

Q How promising is the Fort Dearborn development?

A Well, a lot of substantial people have been talking about it. I would say it's very promising. The men who are drafting it and the people who are supporting it feel very strongly that they are ready to get under way. Our city departments have co-operated with them in the rearrangement of some of the boundary lines. They've proposed legislation for an authority that would underwrite the governmental section of the project.

Q The idea would be to move the City Hall up there?

A Move all our facilities.

Q Even the public library?

A Yes.

HELP FROM SEAWAY—

Q How soon do you think the St. Lawrence Seaway development will begin to help Chicago?

A We are prepared for it when it happens. As you know, much of it will depend upon the speed with which the Federal Government will conduct its widening of the St. Lawrence. But we surely should be abreast of the situation so that, when it does come, Chicago, with its natural port facilities, its natural harbor facilities, will be in a position to attract the trade of the world.

And I think that, with our setup, which is unique of all the cities on Lake Michigan—the rail center, the air center, the trucking center—the fact that we're situated the way we are, the fact that we're now the No. 1 steel producer of the United States and that manufacturing has stepped up tremendously—all of those factors indicate that we should, if we have the imagination and the boldness to so conduct ourselves, be prepared for it when it happens.

Q Will you need a lot of new dock facilities?

A We'll need some, but we can develop that very easily.

Q What would be the big problem?

A It would be harbor facilities. We have quite a harbor now at Lake Calumet that could take care of many of the ocean-going steamers.

Q There would have to be some deepening, though—

A There's no doubt about it.

(Continued on page 50)

(Advertisement)

HOW OILMEN HELPED TO CREATE...

New Conveniences For America's Shoppers

by THEODORE V. HOUSER

Chairman of the Board,
SEARS, ROEBUCK AND COMPANY

Between 1920 and 1925 alone, the number of automobile registrations in this country more than doubled. At Sears, we became convinced that the widespread use of automobiles was going to cause a major change in the nation's shopping habits. Therefore, in 1925, Sears opened the first of many outlying retail stores. We believed that shoppers would respond favorably to the merchant who could provide a solution to the parking problem. As you know, that is exactly what happened.

However, neither the widespread ownership of automobiles, nor the resulting new pattern of merchandising, would have occurred without the efforts of the oil industry.

The production efficiency achieved by the petroleum companies has brought gasoline and oil to a price point where everybody can afford it. The distribution pattern set up by the oil industry has made their products conveniently available to all. The research activities of the industry have provided products that meet and encourage the technical advances of the automobile manufacturers. Neither accessibility of supply nor quality nor price of product has ever been a barrier to ownership of an automobile.

The record of both the retail industry and the oil industry is a record of parallel growth and development, each with its emphasis on lower distribution costs, greater customer convenience and improved quality. These developments have been not only parallel, but interdependent.

It seems to me that this record of growth in both industries is an excellent example of how alert businesses interact and respond to the needs of a competitive economy. This drive for growth and improvement is inherent in America's competitive system. The recognition of the value of competition on the part of American consumers and the wise use of the opportunity for competition on the part of American business have created a pressure for progress that has resulted in the unique richness of the American standard of living. As a symbol of our economic system, and as a contributor to our standard of living, the petroleum industry is an outstanding example.

As Chairman of the Board of Sears, Roebuck and Co., Theodore V. Houser heads the world's largest distributor of general merchandise. Once characterized as "the greatest master of mass merchandising in the U.S.," Mr. Houser is an expert on America's changing shopping habits and on the part oilmen play to make these changes possible.

This is one of a series of reports by outstanding Americans who were invited to examine the job being done by the U.S. oil industry. This page is presented for your information by The American Petroleum Institute, 50 West 50th Street, New York 20, N.Y.

. . . "We do have an unusual city"

Q To go back to city government for a little bit, how do you feel about the overlapping, or multiplicity, of government in Chicago—six major sections?

A There are certain activities, I think, that could easily be consolidated and be done more efficiently, effectively and more economically.

Q Which are those?

A For instance, some of the services that are basic services—water, sewage, police, fire, school, health. Those things know no boundary lines, know no sections, and we should think about them in a broader scope.

Q They're pretty much split up now?

A Yes, they are.

Q During the election there was some agitation about fewer aldermen. What's your feeling about that?

A There's legislation pending which would reduce the council from 50 aldermen to 25, and 10 at large. That would be 35 instead of 50. My views on that are that there should be some reduction in the council, but I was more concerned with making our council representative of people of the City of Chicago rather than in particular numbers. I like the idea of the aldermen at large, but I do not subscribe to any particular numbers.

It's very interesting to observe that the Legislature of Illinois passed legislation in the last session that increased the number in the House from 153 to 180 and increased the number in the Senate from 51 to 58. Many people thought it should be reduced. Now, when you come to local government, some people have suggested that we reduce our council to 15 and 10.

The City of Boston, as you know, has reduced their council to nine. Now there's agitation from very strong sources that they should go back to their ward representation, and, as you and I know, the question of numbers has always been a very serious and debatable question in the legislative branch of government.

Q What is the idea of the people who want to reduce it?

A A home-rule report recently submitted pointed out the fact that we have a very large council and that there were only two or three cities that have more members than the City of Chicago. They wanted to reduce the number, figuring that the reduction would attract a better council. There is also the fact that you would have 10 at large who would be interested in the over-all picture of Chicago. But even among them there were disagreements.

The most controversial part of this Home-Rule Commission report—which, incidentally, was one of the finest reports written on local government—was on the question of the size of the city council. Some men said it should be increased; other men said it should be 15 and 10; some men said it should be 35 and 10; others said 40 and 10. And this 25, as I recall, was more or less a compromise.

MORE NEW SCHOOLS—

Q How about your school situation? Is it in pretty good shape now?

A We just passed a 50-million-dollar bond issue. We hope to launch a program for new schools as well as to rehabilitate and rebuild the old ones.

Q Didn't you have a 50-million-dollar bond issue in '51?

A That's right.

Q And did that help a lot?

A Yes, it did.

Q What about the payless paydays—are they days of the past?

A Yes, they are.

Q Is there any overcrowding?

A At the present time, our emergency school committee said there are about 14,000 children in double-shift classrooms. But, with our new construction program, we hope to alleviate that as quickly as possible.

Q Will this new construction program keep you abreast of the increasing population?

A That's right.

Q Do you have a language problem in your schools, as they do in New York—Spanish-speaking children?

A I don't think we do.

Q Has the spread of Negroes in the city created any special problems for the schools?

A No. I think the school situation has been pretty well handled. We've had intelligent co-operation of church, community and neighborhood leaders.

Q Then Chicago as a segregated city has been broken down in recent years?

A I think it has.

Q Since the difficulty at Trumbull Park homes, has there been any serious racial trouble?

A No.

Q You have a four-year term, haven't you?

A That's right.

A LOOK AT THE FUTURE—

Q What do you regard as your biggest opportunity, your biggest task, that you can accomplish in those four years?

A First, I would say it is what we talked about initially—restore, rebuild and revitalize the spirit of Chicago which did so much to build this city. Our forefathers who came here had great courage and great imagination and boldness. They had confidence in one another and in their neighborhoods and in their city.

My big task will be to dedicate myself to restoring that kind of thinking about the city. And to join together in a very effective organization all the elements of our city—business, labor, universities, professionals, neighborhoods—in an overall organization just to resell one another and convince one another on what type of a city we have.

We do have an unusual city. As you know, we have one of the greatest medical centers here in the world. We have the fine Art Institute where people come from all over the United States. We have some of the finest universities. We have the great Union Stock Yards.

We have the development of the Lake front which makes us the only city where the end of every street is a public beach. And the Outer Drive is one of the finest in the world. So, we do have things here that all of us should be proud of. And we have more than the steel and the mortar and bricks. We have fine people.

Q Do you have the leadership here now—people to replace the Palmers and the Swifts and the McCormicks, and so on?

A Yes, we have. We have young businessmen, young labor leaders, young leaders of the academic world, and I think we have a great opportunity to move forward in the next few years and do many of the things for Chicago that have too long been neglected.

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WHERE ROAD BILLIONS WILL GO

Ike's Plan Changed, Superhighways Still Favored

Here's the latest highway plan. It provides billions for superhighways, State routes, farm roads and city streets.

Ike's road plan was more spectacular. But new plan, written in Congress, is expected to have stronger political appeal.

Under terms of the highway-building program that Congress now is shaping:

- Up to 12 billion dollars in federal aid for highways will flow out to the States in a five-year period beginning in 1956. That will nearly triple the pace of road construction in a period of 60 months.
- Superhighways, the main routes between cities, will get two thirds of the federal money, or 8 billion dollars. That is nine times the aid now available for such roads.
- States will have to put up little more cash to get the suggested program going than they now are spending. The Federal Government, under the plan, takes over 90 to 95 per cent of the cost of new interstate highways.
- Financing will be handled through the regular budget—not, as President Eisenhower suggested, through a special corporation operating outside the budget and outside the national-debt limit.

That's the highway-aid plan of Congress, in broad outline. Details may change before the program gets through both House and Senate. But main trends are set.

How plans differ. The Eisenhower Administration had asked for a more spectacular program. It suggested setting up a Federal Highway Corporation, with authority to issue 30-year bonds in the amount of 21 billion dollars. This sum would be spent in the next 10 years on interstate highways alone, with individual projects subject to approval by the Secretary of Commerce.

The plan being pushed in Congress, by contrast, provides basically for a big expansion of present highway subsidies, rather than an entirely new approach to highway problems. One of its key features is a step-up in aid for farm-to-market roads, which adds greatly to the political support for the measure. The Administration proposal provided no extra aid for secondary roads.

To show what's in the new plan for the motoring public:

Superhighways. The 40,000 miles of main highways in the U. S., connecting all major cities, are slated to become a network of four-to-six-lane speedways, with dividing strips down the middle for greater safety. A few examples give you

(Continued on page 54)

HIGHWAY PLAN CONGRESS SEEMS TO LIKE

	SPENDING NOW (per year)	PROPOSED SPENDING (per year)
SUPERHIGHWAYS between cities	$292,000,000 [60% federal funds 40% State funds]	$2,222,000,000* [90% federal funds 10% State funds]
FREEWAYS through cities	$350,000,000 [50% federal funds 50% State funds]	$400,000,000 [50% federal funds 50% State funds]
STATE HIGHWAYS in rural areas	$630,000,000 [50% federal funds 50% State funds]	$800,000,000 [50% federal funds 50% State funds]
FARM-TO-MARKET roads	$420,000,000 [50% federal funds 50% State funds]	$600,000,000 [50% federal funds 50% State funds]
TOTAL for highway construction	$1,692,000,000	$4,022,000,000

*Starts at $1,110,000,000 in 1956, reaching $2,222,000,000 rate in 1960.

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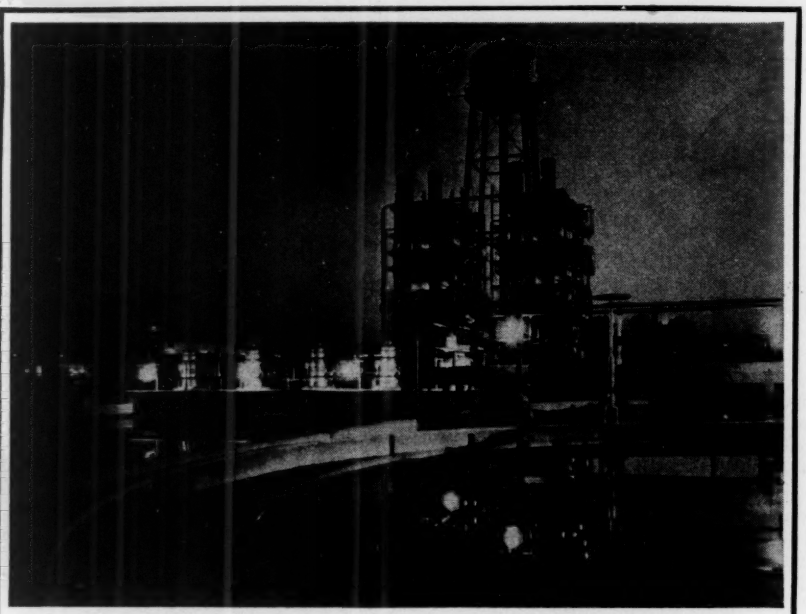

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From local supplies of *natural gas*—17% of the U. S. total—the Middle South produces many versatile materials such as ammonia, fertilizers, plastics, nitric acid and carbon black.

With 14% of the nation's *petroleum* production, the Middle South produces a variety of petrochemicals—alcohol, detergents, drugs, rubber, waxes and many other basic materials.

Does your *future plant need these materials?*

IN THE MIDDLE SOUTH

There are many other basic resources produced—and needed by industry. In percent of the U. S. total production they are: *aluminum ore*, 96%; *sulphur*, 24%; *salt*, 14%; *pulpwood*, 15%; *cotton*, 24%—and important amounts of other mineral and agricultural products. And, through Middle South ports, foreign resources are available.

Does your *future plant need these materials?*

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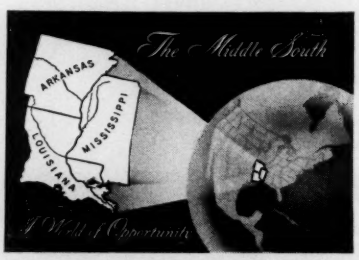


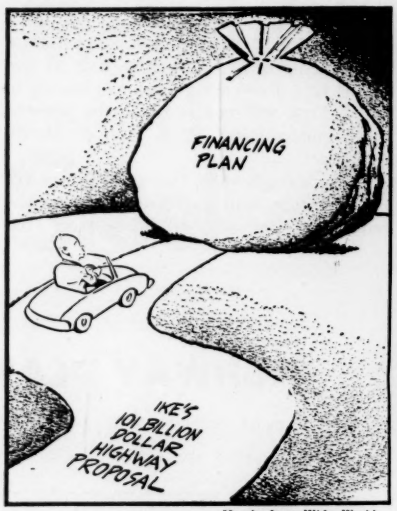
[continued] **WHERE HIGHWAY BILLIONS WILL GO**

some idea of what the improvements will mean when carried out completely.

By 1965, or sooner, you will be able to travel directly from Bangor, Me., to Miami, Fla., on four-to-six-lane roads, all free of tolls, assuming the new program is started and carried forward as expected.

Or you will be able to go from Jacksonville, Fla., to San Diego, Calif., using four-lane highways all the way, except for one segment of two-lane road in Texas and another short stretch in New Mexico.

Easterners can expect to drive, on a direct route, from New York to San Francisco, about 3,000 miles, without encountering any two-lane roads until they near Omaha, Neb. From that point on, three



—Morris from Wide World

"THE ROADBLOCK"
Congress has its own ideas

fourths of the distance to the West Coast would be covered by four-to-six-lane highways.

Briefly, what Congress appears ready to underwrite is the completion of an interregional system of defense highways. That was the main objective President Eisenhower had in mind when he first proposed a huge hurry-up highway plan a year ago.

Congress apparently is going to insist on doing the job in the traditional way, however.

The one big change in policy in prospect is approval of the principle that the Federal Government should pay nearly all the cost of bringing interregional highways up to modern standards.

At this time the Federal Government foots only 60 per cent of the bill for interstate-road improvements. States have

to put up the remaining 40 per cent. Many have been unwilling to do so, on the theory that they should not have to spend large sums of State funds on projects that primarily help through travelers, who might not make even one stop inside the State's boundaries.

Congress appears willing to bow to that objection and have the Federal Treasury pay 90 to 95 per cent of all construction costs on the designated interstate network.

Under present rules, the Government puts up 175 million dollars a year for interstate road projects. The States have to put up 117 million.

At the proposed rates of aid, the Government will put up 2 billion dollars a year eventually, or about 1,000 per cent more than it now provides on an annual basis. But the States will have to add only about 103 million dollars, or about 90 per cent, to their yearly outlays on these highways in order to qualify for the federal aid.

—Standard Oil Co. (N.J.)

THE TWO-LANE HIGHWAY
. . . giving way to speedways?

Since a vast expansion of road construction cannot be hurried without excessive cost, Congress plans to increase the flow of federal cash gradually.

First allocation of extra money, under the current plan, is to be 1 billion dollars for the year beginning July 1, 1956. After that there will be successive increases, until federal outlays for interstate roads hit a 2-billion-dollar annual rate in 1960. At that point, States would be expected to put up, at most, 220 million a year for the same program. Their share could be less.

City freeways. A key part of the new highway-building effort will be widening

(Continued on page 56)

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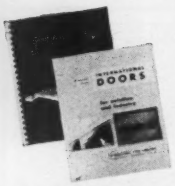

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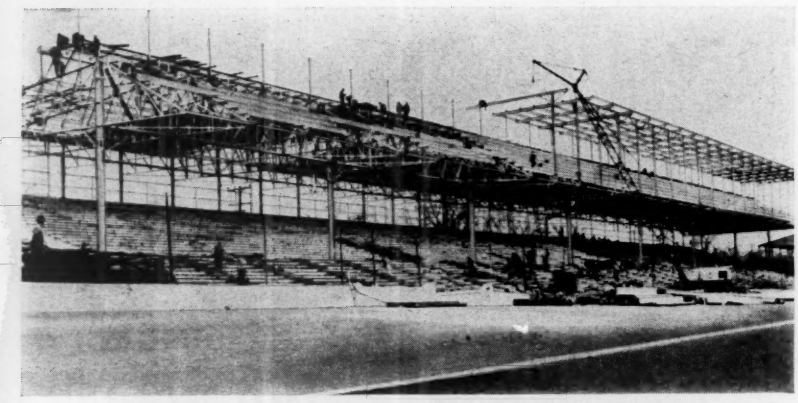

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[continued] **WHERE HIGHWAY BILLIONS WILL GO**

of city streets that carry through traffic. A great portion of the 8 billion dollars allocated to interstate highways actually will be spent in and near cities.

In addition, Congress is indicating an allowance of about 1 billion dollars, over the 1956-61 period, earmarked for freeways through and around cities. The States will have to match this with a billion dollars of their own funds.

This represents a fairly small increase, about 15 per cent, in the city-street program already being financed with federal aid.

State highways. The more important State routes that qualify for federal aid also are to get some additional money, in the congressional plan.

There are about 200,000 miles of these intrastate roads that get federal aid. Spending now approximates 630 millions a year. Congress would boost outlays by around 25 per cent, up to a level of 800 millions a year. But States would have to continue to put up 50 per cent of the money.

Improving these roads usually will involve the replacing of worn-out paving with modern, wider, more level and straighter roadbeds. The modern standard is a 12-foot lane on each side of a center strip. Roads built before World War II often had eight-foot lanes.

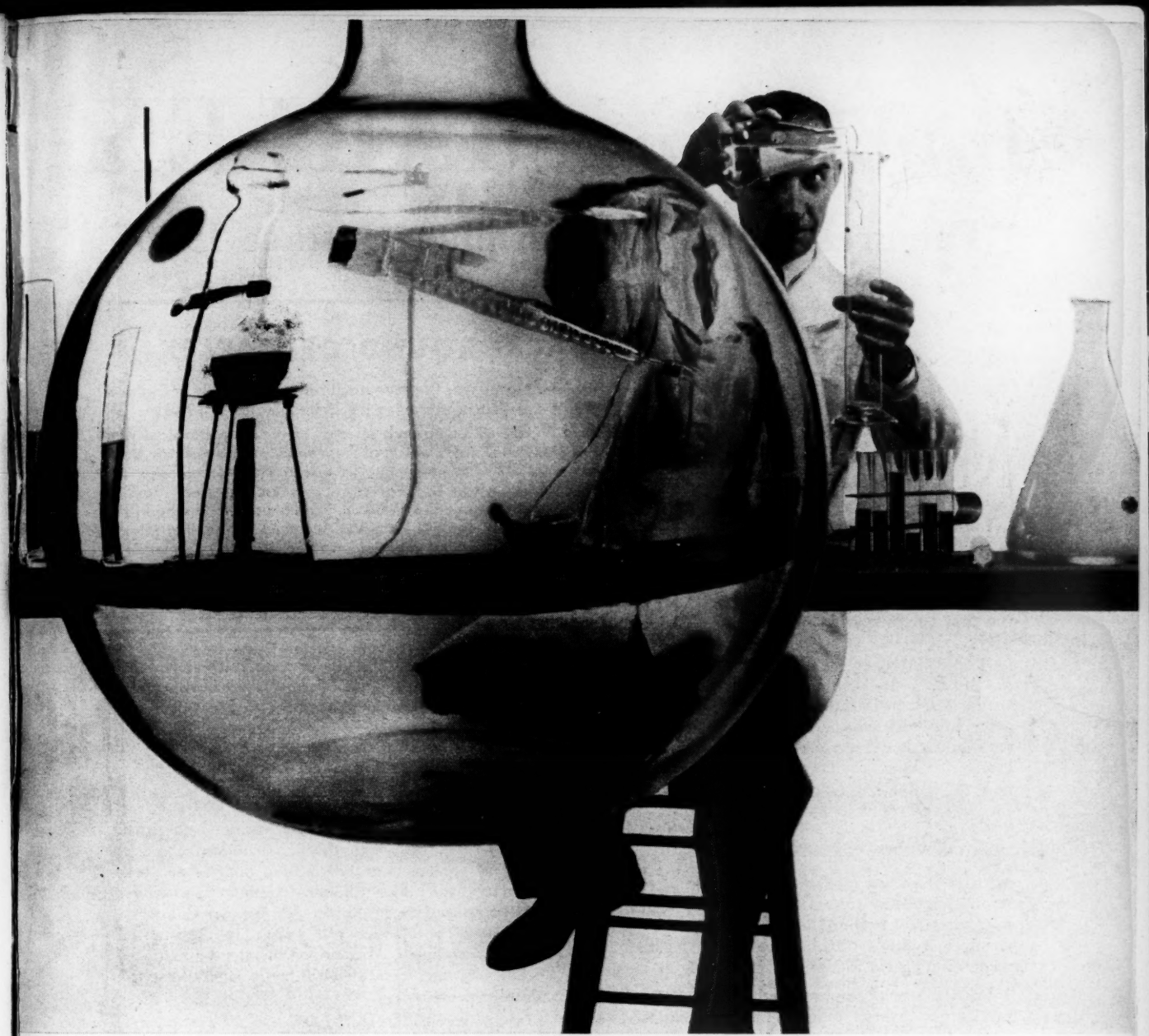
Farm roads. Farmers' roads get a boost, too, under the plan toward which Congress is veering.

These roads, leading from backwoods areas to main highways, are allocated about 420 million dollars a year now, with costs shared 50-50 between States and the Federal Government.

A 40 per cent rise in the annual outlay for farmers' roads is being proposed. This would bring yearly spending to 600 millions, if States speeded up their spending fast enough to qualify for the larger federal allocations.

Under present law, the Federal Government spends more on farm-to-market roads than it does on interstate highways. Under the proposed plan, farm roads get only one fourth as much money as the main highways.

What Congress prefers. From all present signs, Congress is showing a willingness to spend a great deal more money to improve the roads. But it intends to keep close control over the spending of that money. Traditional financing methods are preferred. And a "balanced" roads plan, with some benefits for all classes of road users including the farmers, obviously will be demanded.



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In 1653 when John Winthrop Jr., opened the first-known chemical plant in America, his only products were saltpeter and alum.

Today John Winthrop's industrial counterparts help feed, clothe, shelter and improve the health of all America. And to get the job done they frequently turn to the nation's bankers.

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Bank loans help the Chemical Industry purchase the earth's raw materials—the minerals, agricultural products, coal, petroleum and natural gas from which today's chemicals are compounded. Bank loans also help process the basic materials into finished chemicals and transport them to markets all over the nation. Chemical plant equipment and expansion often require bank loans, too. And on the retail side it's still a bank loan that helps put every chemistry triumph from miracle drugs to soil conditioners on the open market for your selection.

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But all these loans to the Chemical Industry, or any other major industry, do more than make Americans happier, healthier citizens.

They also make us busier, more productive citizens. This is so because when money works in a free economy men and women work, too.

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"The greatest advance in plastics since 1939"

BACKGROUND OF MARLEX

Polyethylene plastic was first manufactured commercially in England in 1939. It was first produced in the United States in 1943.

Phillips Petroleum Company's interest in the petrochemical raw material (ethylene) from which polyethylene is made dates back 30 years, but it was not until 1954 that Phillips released for evaluation by plastics fabricators its newly-developed superior type of polyethylene called MARLEX. So enthusiastic has been the reception for this basically new material from which finished plastic products are formed that the demand for it is now tremendous. This is the background of Phillips decision to build a multi-million dollar plant to produce MARLEX.

MARLEX, a revolutionary new family of plastics developed by Phillips Petroleum Company, is opening an entirely new era in plastics technology.

MARLEX represents what is probably the most important forward stride in plastics development since the first commercial production of polyethylene in 1939. Thousands of plastic articles will soon be made better with MARLEX: unbreakable nursing bottles that stand the heat of sterilization; refrigerator trays that don't get brittle with cold; wrapping and packaging film with much better resistance to gases, liquids and moisture vapor; rigid or flexible pipe that won't corrode; battery cases; coated paper; and insulation for wire and cable.

Tougher, Stronger, More Versatile

MARLEX is a *new kind* of polyethylene . . . tougher, stronger and more versatile than any polyethylene now available. It therefore permits manufacture of stronger products with less material. And it can be made either rigid as desired, or flexible as needed.

MARLEX has been used and evaluated by leading fabricators of many types of plastic products. They report that MARLEX not only opens the way to new applications in the plastics field, but will also find wide usage in many products now made of other materials, and that it colors, molds and extrudes beautifully.

Although MARLEX is a greatly improved type of polyethylene, its method of manufacture is truly revolutionary. Instead of using very high temperatures and pressures in the polymerization reaction, MARLEX is made by a continuous process, using a catalyst and operating at low pressure and temperature. This not only results in economies and better control of quality and uniformity, but also permits the production of a whole series of new plastics tailored for the needs of specific applications.

Phillips Chemical Company to Build Large Plant

The huge demand for MARLEX cannot be satisfied at this time. But, with the construction of a new plant of greater than 100 million pounds per year capacity by Phillips Chemical Company, a wholly owned subsidiary of Phillips Petroleum Company, fabricators of plastics will soon have substantial supplies available. MARLEX will later be made by other manufacturers who will be licensed to use the Phillips process.

MARLEX represents another significant Phillips contribution to a strong and prosperous America. Like Phillips participation in atomic research, in the large-scale manufacture of aviation gasoline and jet fuels, and in the production of synthetic rubber, MARLEX promises to play a valuable part in national defense, because it can supplant many critical materials. MARLEX is a new and important phase of the increasingly *diversified* activities in which Phillips uses petroleum raw materials as a base, thereby providing an ever-widening consumer market and a strong foundation for future stability and growth.

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FROM THE CAPITALS OF THE WORLD

TOKYO....SINGAPORE....BONN....BUENOS AIRES....

>> For an on-the-spot appraisal of the U.S. outlook in Asia.....

Quiet in the Far East is probably temporary.

Communist concessions, comparable to those in Austria, are improbable.

Asia's Communists see easy pickings ahead, see U.S. in mood to retreat.

Asia's anti-Communists are militarily weak, lean heavily on the U.S.

>> Soft spots in Asia haven't vanished. They're being actively exploited.

Quemoy, Matsu are down in the Communist book as theirs, sooner or later. Vietnam is already more theirs than the West's. Singapore, in Communist eyes, is ripening fast. Malaya can't shake off its Communist guerrillas. Thailand is struggling with Communist infection from north and south. Laos, Cambodia, both small and weak, are wondering if perhaps neutral India can save them.

All that really stands in the way of Communist conquest of these areas is U.S. military power, but use of this power by U.S. is a diminishing prospect.

>> To put talk of a U.S. deal with Communist China into perspective.....

A big deal, actually, is a poor bet. Premier Chou En-lai of Peiping is not prepared to make real concessions--unless you call release of illegally held U.S. airmen a concession. Chou expects U.S. to make all the concessions.

Negotiations, if any, are viewed by Communists as an opportunity to get what they want without firing a shot. If talks fail, you can expect Communist China to fight for offshore isles, but without getting into war with U.S.

Chou's game is to keep U.S. off balance. He does it by alternately turning the heat on and off, first building up tension, then relaxing it, sending U.S. peace hopes soaring. U.S. is counted on to tire of this game and go home.

Chou figures he can outsmart U.S. He's sure time is on his side.

>> Fact that Chou has a grade-A crisis at home doesn't disturb him.

Famine, following floods and now drought, is acute in South China. Communist papers report hungry peasants shot for stealing rice from Government hoards.

Five-year plan has had to be cut back. It's bogged down. Food shipments to Soviet bloc are behind schedule. So are machinery imports from Russia.

Purges close to the top have spread fear through the bureaucracy. A number of high-ranking officials in Communist China have dropped from sight.

You might think, in this situation, that Chou would be eager for peace and quiet. Experience shows there is just as much reason to expect Chou to create an external crisis in order to justify harsher measures inside China.

Nor is famine in South China likely to unnerve Chou En-lai. Famine is an old story in China. Besides, Communist officials explain, they can get five

(over)

tons of steel by exporting a ton of pork, get a tractor for 10 tons of pork. Steel and tractors are vital to Peiping; peasants appear to be expendable.

If Communists were about to lose control of China, concessions to U.S. might be forthcoming. As it is, Chou sees no reason to concede anything to U.S.

>> In Bonn, with Big Four talks in prospect, "the great debate" has begun.

Question: how to put East and West Germany back together again.

Top politicians opposed to Chancellor Adenauer are taking to the radio, urging this solution: 1. Scrap both U.S. and Soviet defense setups in Europe. 2. Withdraw both U.S. and Soviet troops from Germany. 3. Establish new security system, under United Nations, open to all European nations, including Germany.

Then, it's argued, Germany can easily be unified, kept free, democratic.

To U.S. officials, this proposed solution is far closer to Soviet than to U.S. ideas. Result could be to push the U.S. completely out of Europe.

As time goes on, though, you'll be hearing more of this idea.

>> In Buenos Aires, President Perón's campaign against the Roman Catholic Church in Argentina has grown from potshots to all-out political warfare.

At the start, Perón merely sniped away at what he thought looked like dangerous political opposition among Catholic groups out in the provinces.

Now, Perón is taking on the Catholic Church itself.

Perón, himself a Catholic, President of a Catholic country, is busily jailing priests, breaking up religious parades, interfering with church services, depriving the Church of Government subsidies, ousting it from public schools.

>> Every few days, in Buenos Aires or some provincial city, another Catholic priest is arrested. So far, about 40 have been haled into court.

Charge against priests is that of circulating seditious literature, or at least criticizing President Perón. The courts, controlled by Perón, tend to see any criticism of Perón as "disrespect," a crime in Argentina now.

Arrests are increasing, as Catholics are beginning to demonstrate against Perón's anti-Church measures. Just the other day, Perón's mounted police broke up a parade of several thousands Catholics who were shouting pro-Church slogans. This time, the police jailed all the national officers of Catholic Action.

>> This much is already clear, after a few months of Perón's campaign:

Church income is going down. Church schools are being forced to get along without a Government subsidy. Church expenses, at the same time, are going up. Church properties are being deprived of their customary tax exemption.

Religious instruction in public schools--outlawed in 1883, re-established by Perón in 1947--is again outlawed. Perón has ordered his 1947 law repealed.

Official oath taken by new members of Congress has been changed. For the first time in Argentine history, the oath makes no mention of the Deity.

Separation of church and state is apparently to be complete. A convention to amend the Constitution for this purpose is being authorized by Congress.

>> Perón's idea, as understood in Buenos Aires, is very simple. He's looking ahead to another six-year term as President. He seems to regard the Catholic Church as an obstacle, so he is in process of getting it out of his way.

It's generally expected he'll get things fixed to suit himself.

Reflective emblem and number on service car.

Reflective bumper emblem on employee's car.

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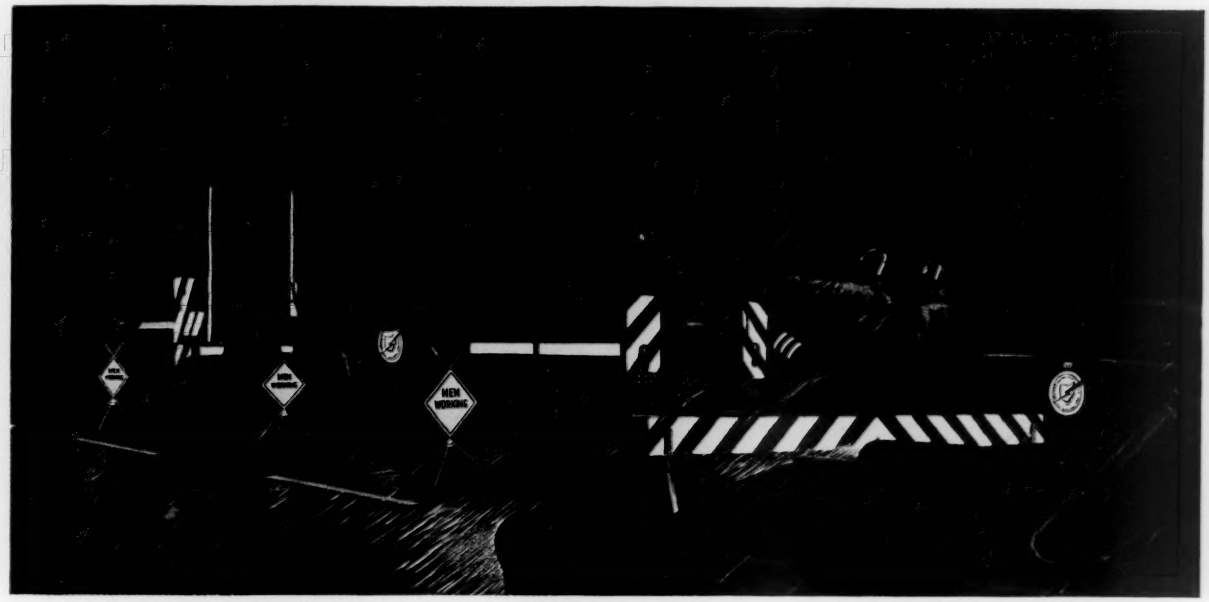

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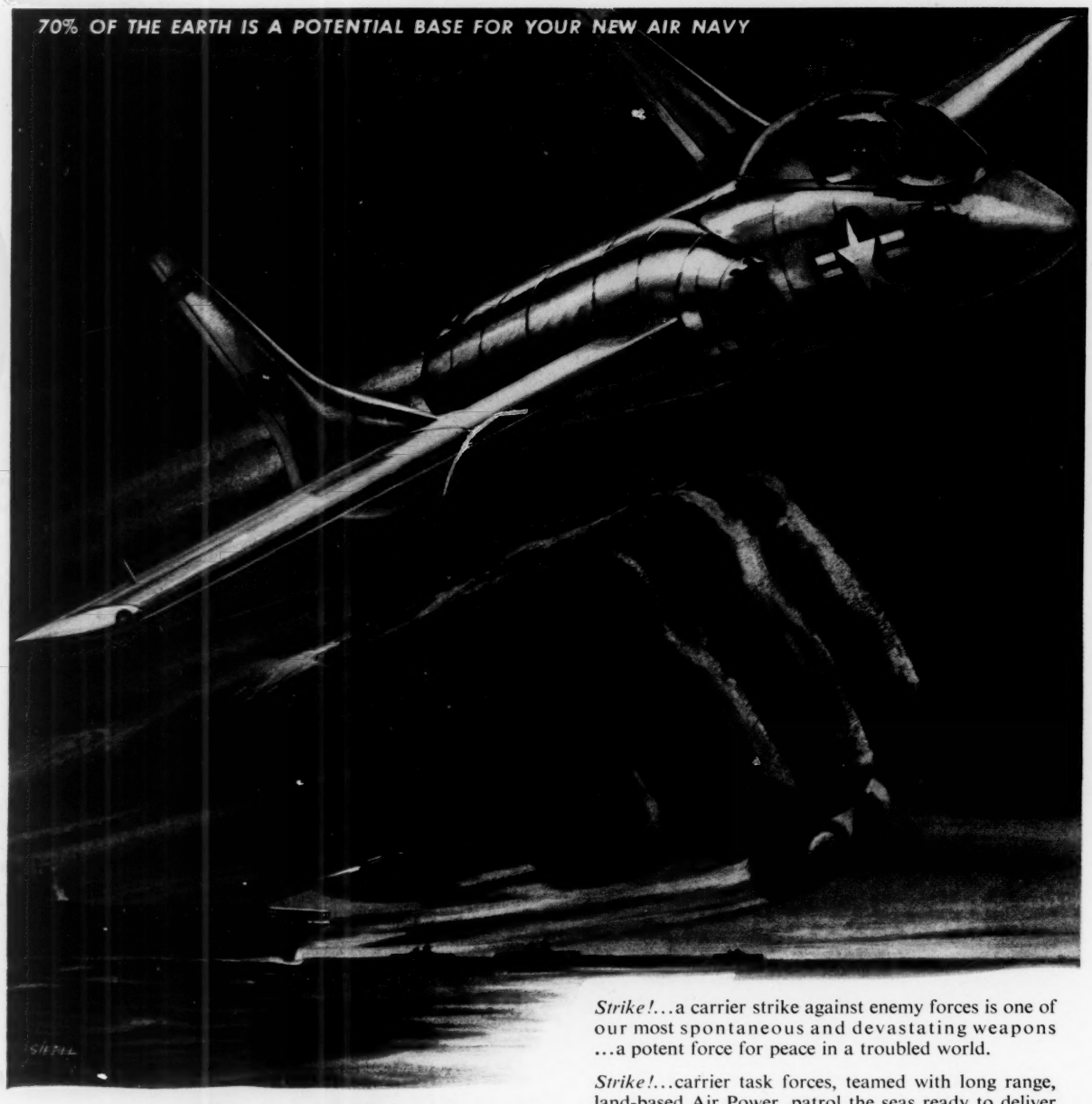

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Reds' Newest Weapon—Singapore's Students

Young Chinese, spreading riots and violence, are doing the Communists' dirty work in Asia. They're into everything.

It's a deliberate program by Red China to intimidate and win over millions of Chinese living outside the mainland.

SINGAPORE

A Chinese schoolgirl stepped up to her high-school principal the other day and handed him this note, signed by a student committee:

"There will be a general assembly of students in 15 minutes. No teachers permitted."

Soon, thousands of students in their mid-teens were running riot in Singapore. Shouting Red slogans, they moved in on a small strike and converted it into a burst of violence that resulted in the deaths of an American reporter and several local inhabitants. In a matter of minutes, they showed nervous British authorities that the Communists, while officially outlawed, are powerful and dangerous in this usually tranquil city of Southeast Asia.

They also demonstrated this:

The Communists right now are using Chinese students as their chief weapon for troublemaking in Southeast Asia. Juvenile goon squads have effectively terrorized the Chinese community in Singapore which makes up about 80 per cent of the city's population. They appear to have browbeaten conservative Chinese into submission and there are times when they seem to be running the whole city.

How youngsters take over. Chinese students—most of them between 12 and 17 years—have actually taken control of the schools they attend. Teachers and principals are either unwilling or unable to enforce discipline in their classrooms. Those few faculty members who have tried have been threatened or beaten, or had acid thrown in their faces.

The students, in turn, appear to be completely dominated by Chinese Reds. Their leaders are hard-core Communists —many of them 25 years of age or older —who use harsh disciplinary measures to ensure obedience to their orders. They made an open demonstration of their power recently when the Government refused to register a Communist-front student union. The Reds promptly called strikes at seven schools, and 9,400 of the 10,000 students walked out.

The young Chinese are in the middle of every outbreak of trouble in Singapore. Police say they are responsible for much of the disorder that has accompanied a current wave of strikes. Actually, in labor troubles, they play a more active part than the workers themselves. The students picket, demonstrate and provide other help for the strikers. It is a common sight in Singapore to see a convoy of trucks loaded with singing,

(Continued on page 64)

—United Press

THE BLOODY RIOTS IN SINGAPORE
Juvenile goon squads stirred them up

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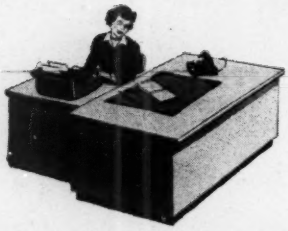

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[*continued*] **REDS' NEWEST WEAPON: STUDENTS**

cheering students en route to a strike scene.

Investigators are convinced it was students, rather than strikers, who were responsible for beating to death an American correspondent during one recent labor demonstration which they converted into mass rioting.

The youngsters are as active in politics as they are in other fields. In Singapore's first election under a new constitution last month, students worked for four candidates of the left-wing People's Action Party. They organized a door-to-door campaign, and, on Election Day, they hauled voters to the polls. Three of the four People's Action Party candidates were elected and the party boss got the biggest vote of all the candidates.

Fear rules. So effective has the Red terror become that it is almost impossible for a Chinese to be openly anti-Communist. Economic, political and social pressure is applied to those who still support Chiang Kai-shek. Many Chinese refuse to take a stand against the Reds for fear they will be marked for liquidation if the Communists take over. Often, wealthy families put up money for the Communist underground as a form of insurance against the future.

Nearly half the Chinese in Singapore are younger than 21. In concentrating their efforts on the young people, the Reds are planting the seeds of future trouble for the British here.

If these students are unable to find jobs after they finish school, they either will go back to China—giving the Peiping Government one more hold over their parents—or they will stay on in Singapore as part of a disgruntled, anti-British population. If they do get jobs, they are likely to wind up in the labor unions and Chinese societies which the Communist underground is trying to take over.

By working on the student sons and daughters of the overseas Chinese, the Communists are deliberately concentrating on tomorrow's voters in this part of Asia. The youngsters are being used to spread trouble in the hope it will hasten the pace toward independence in Singapore and Malaya. At the same time they are being organized and indoctrinated to support Red China when that day comes.

Satellite-to-be? As the pressure for independence builds up, the question confronting the British here is whether an independent Singapore automatically will become a Communist satellite. That, definitely, is the way things are going now.

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No Big Cut Ahead in Arms Spending

Defense at 34 Billions a Year Here to Stay

If peace holds, this country's defense costs now are set to go on indefinitely at three times the pre-Korean-war rate.

That's to be rock bottom in the plan the Administration finally worked out and is getting approved by Congress.

It means: a smaller Army, Navy; an Air Force expanded to 137 wings by '57; more modernization; a yearly bill for 34 billions.

The arms program mapped by the Eisenhower Administration appears to be set for years ahead. The plan is to keep on spending from 34 to 35 billions a year on the military defenses of the nation.

This program has the solid approval of the House of Representatives and is not expected to be changed much by the Senate. The House voted 382 to 0 to support the President in cutting back the size of the Army and Navy and in increasing the strength of the Air Force.

The table on this page shows what has happened and what is to happen in arms spending. From a pre-Korean-war cost of 11.9 billion dollars a year, spending jumped to 43.6 billion in the peak year of that war. Since the shooting stopped, the Government has managed to cut back arms costs to 34 billion a year, but Defense Secretary Charles E. Wilson says this figure probably is rock bottom. That means arms costs for the future are to run almost three times as high as before the Korean war.

More planes. The Air Force is scheduled to expand through June 30, 1957. By that time, 137 combat-ready wings are expected to be equipped, compared with 121 wings at present and 131 wings expected on June 30, 1956. That means purchases of new aircraft are to forge steadily ahead. The House has approved orders for 2,333 planes for the coming 12-month period.

The outlay for aircraft deliveries in the year ending June 30, 1956, is expected to be around 7.3 billion dollars, compared with 8.2 billions for the current fiscal year. Reason for the drop is that the Air Force this year is paying for deliveries ordered during the build-up sparked by the Korean war.

In contrast to the Air Force, the Army and Navy are being cut back.

The active fleet of the Navy is scheduled to be trimmed to 1,001 vessels by June 30, 1956, a cut of 65 ships from present strength. Shipbuilding, however, is to continue. The program for the year ahead calls for construction to be started on 34 ships, including a fifth carrier of the *Forrestal* class, and 8 new submarines, 3 of them to be atomic powered. In addition, 28 ships are to be modernized and some 13,370 tons of landing craft are to be built.

Altogether, the outlay for new ships in the year ahead is expected to reach 1 billion dollars, compared with an estimated 900 million for the current year. The Navy's shipbuilding program has been running around 1 billion a year for the last three years.

Fewer GI's. The Army is accounting for most cuts in the defense budget. The strength of the Army was 1.4 million men on June 30, 1954. On June 30 of this year a cut to about 1.1 million men is scheduled, and a year hence the size is expected to be down to 1 million.

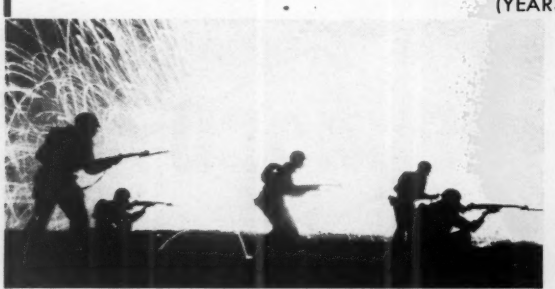
Army orders for equipment, however, are expected to continue at close to the current rate. Since the end of the Korean war the Army has been using up stocks of food, clothing and ammunition. Those stocks now have been drawn down, and the Army expects to have to order new material about as fast as existing stocks are used up.

The Defense Department also will continue its research and development program that costs 1.3 billions a year. This includes development of guided missiles. The atomic-weapons program is financed largely by the Atomic Energy Commission.

In general, Congress seems to agree that President Eisenhower's 34-billion-dollar military budget is the minimum that is consistent with national safety. The House trimmed requests for appropriations by only 2.3 per cent.

ARMS SPENDING IS LEVELING OFF

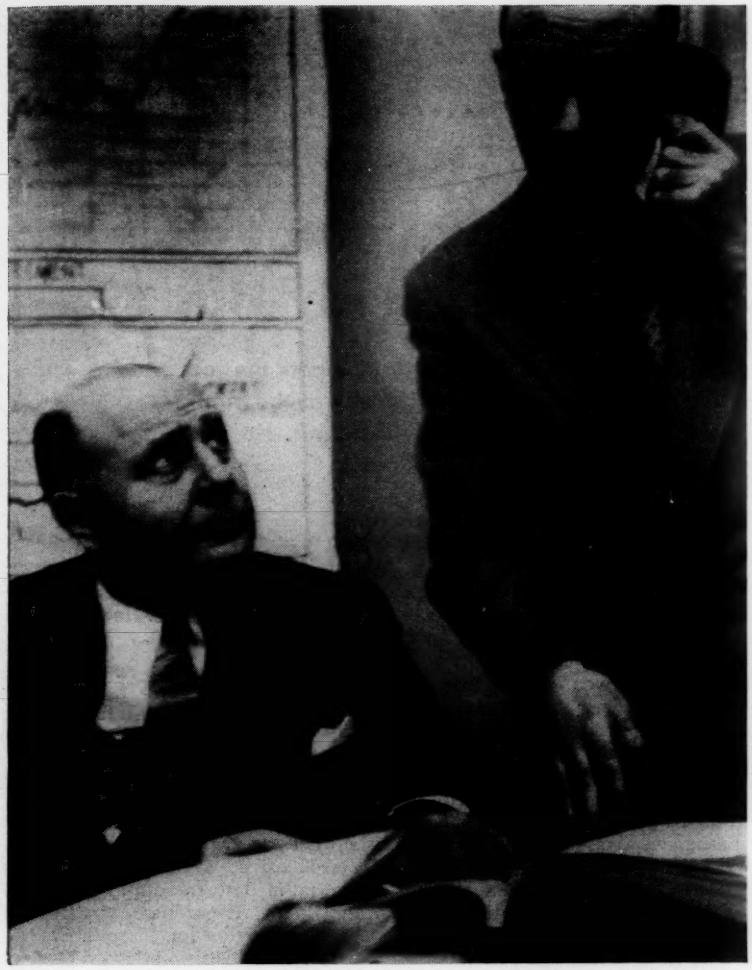
(YEARS ENDING JUNE 30)



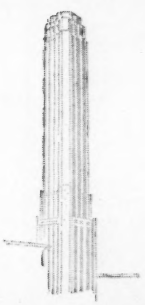
1950	(Before Korea) . .	**$11.9 billion**
1953	(Korean-war peak)	**$43.6 billion**
1954	. . . . .	**$40.3 billion**
1955	(est.)	**$35.0 billion**
1956	(est.)	**$34.0 billion**

IN FUTURE YEARS, arms spending is expected to stay in the range of 34 to 35 billion dollars.

Basic data: Budget Bureau and Defense Department



Just the facts



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THE MAN ... General Taylor

THE NEWS ... Army's New Chief

—Defense Department

Task: Cut Army, Strengthen U.S., Keep Everybody Happy

As Chief of Staff, General Taylor gets the job of keeping a reduced Army as strong as the manpower and money allotted will permit. He is a paratrooper and a man of ideas.

A U. S. ARMY that is shrinking, unhappy and uncertain about its future now is to have a new leader, Gen. Maxwell D. Taylor, a scholarly soldier and an experienced, unexcitable combat commander.

General Taylor, something of a protégé of President Eisenhower, has been named Army Chief of Staff. His appointment is the first of several that in the next year or so are expected to recast the entire top military command.

Taking over on June 30, General Taylor will have several tasks cut out for him. His job will be, first of all, to carry out policies for the most part already made. He must forge as strong an Army as possible with the men and money that these policies allow for the purpose. And another task will be to soothe his Army colleagues who are perturbed at the Army's decreasing size.

Receptive to ideas. Army men feel reassured by the Taylor appointment. They know the General as a man who combines caution with an imagination that does not recoil from new ideas, new tactics, new weapons. They know him, too, as a stern perfectionist and consider him outstandingly suited to his new job.

General Taylor succeeds Gen. Matthew B. Ridgway. The latter protested vigorously at the successive cuts which are reducing the Army from 1.6 million men in March of 1953 to little more than a million by mid-1956. General Taylor is expected to protect the Army's interests tactfully and in general to work in closer concert with the other Chiefs of Staff.

Eisenhower man. President Eisenhower has had an approving eye on General Taylor for a good many years. After World War II, Mr. Eisenhower had this to say of him in his book, "Crusade in Europe":

"The risks he ran were greater than I asked any other agent or emissary to undertake during the war—he carried weighty responsibilities and discharged them with unerring judgment, and every minute was in imminent danger of discovery and death."

Mr. Eisenhower was referring to one of many exploits that have made the General famous. In this instance, with Rome still under German occupation, the General entered the city in full uniform and spent 24 hours there negotiating with Italian officials who were ready to surrender to the U. S. forces.

One hot spot after another followed. General Taylor was the first officer of his rank to land in France. He parachuted in, the night before D Day, landed in a plowed field. With some difficulty, he assembled a group of those who parachuted with him and they accomplished their principal mission, the seizure of a causeway leading to the invasion beachhead.

Bastogne commander. Later, there was a parachute landing in Holland. But there General Taylor's airborne division got caught up in the German counteroffensive of late 1944, was bottled up in Bastogne during the Battle of the Bulge. At the time, the General was in Washington for consultation.

His return to battle was swift. General Taylor flew back to France. In a jeep he made his way through the German lines into Bastogne. His second in command, Maj. Gen. Anthony C. McAuliffe already had given his famous answer, "Nuts!" to a German demand for surrender. General Taylor led his division through the final phases of the Battle of the Bulge and of the war.

After the war, there were hot spots, too. General Taylor commanded American forces in Berlin in the days of tension that followed the success of the Berlin airlift.

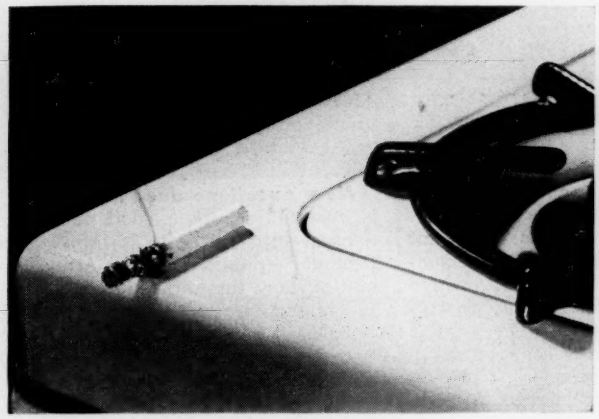
Frustration in Korea. In early 1953, President Eisenhower assigned General Taylor to command U. S. fighting forces in Korea. There, like others before him, the General had the frustrating job of fighting a war he was not allowed to win. An advocate of attack, in the American tradition, he was restrained to a defensive position by orders from Washington and permitted to advance only when the enemy hit hard enough to make a counterblow necessary.

(Continued on page 70)

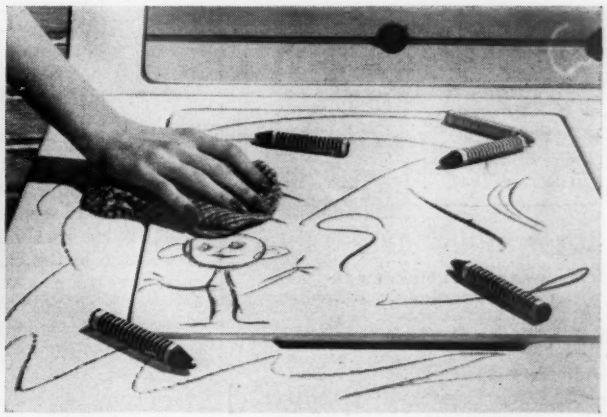
—Wide World

THE PRESIDENT, GENERAL TAYLOR
The Bastogne veteran is an Eisenhower protégé

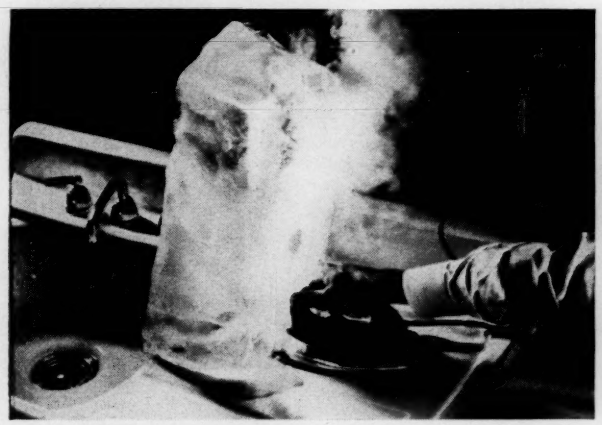
PORCELAIN ENAMEL in your products would pass all these tests...



HEAT TEST. The red-hot embers of a burning cigarette don't damage the rock-like surface of porcelain enamel. Its glistening finish does not scorch or discolor as many kitchen surfaces do.



LIPSTICK TEST. Lipstick or children's crayons won't mar the hard, lustrous finish of porcelain enamel. A damp cloth quickly wipes away stains and dirt leaving the surface bright as new.



SHOCK TEST. A hot iron is placed on an ice-cold porcelain enamel drainboard. The sudden, shocking temperature change does not affect it. Many coatings would blister, buckle or discolor.

SCRATCH TEST. Vegetables or fruits for a salad can be cut on porcelain enamel without damaging the surface. Many work surfaces show dents or scars from knives or other sharp utensils.

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Who's the Man Who Owns the Store?

by
J. P. Van Winkle
President
Stitzel-Weller
(Old Fitzgerald)
Distillery
Louisville, Kentucky
Established 1849

Time was when you knew the man who made your shoes, your shirts, your hats and your whiskey.

Nowadays, you're seldom even acquainted with your undertaker, and vice versa.

The "corporation," usually under absentee management, now shoes you, clothes you, feeds you, rides you, insures you, even entertains you. Mass production replaces the little cobbler up the street.

Through the years our family distillery has resisted bigness because we think a man's whiskey is a *personal* affair—a friendly affinity between the distilling family which makes it and the larger "family" of consumers who rely on its quality.

We like to know the man who drinks our bourbon, and if I were in your shoes, I'd want to know the man who makes my whiskey.

That's the purpose of these simple essays. If they serve even in a small way to create a more friendly understanding, we're a whole skip and jump ahead of the impersonal corporation which meets its public once a year in a published financial statement.

This family feeling for our customers prompts us to make our whiskey like few distillers do.

We are "on location" every day, personally supervising every step of our old-fashioned operation.

We are wholly independent, wholly family owned-and-operated. With us, *you trade with the man who owns the store.*

Recognition of our "family responsibility" is set forth in the company motto at our distillery gate. This reads:

"We make fine bourbon . . .
at a profit if we can . . .
At a loss if we must . . .
but always fine bourbon."

If you are one who chooses his whiskey as carefully as the intimates with whom he shares it, we invite you to join the inner circle of business hosts who have discovered the innate excellence of our OLD FITZGERALD, and find it good business to serve, in moderation, to associates and friends.

Bonded 100 Proof Original Sour Mash Kentucky Straight Bourbon

. . . Army gets a listener, question asker in General Taylor

Truce negotiations were on and led to a stalemated war. General Taylor stayed to oversee the organization and training of Republic of Korea divisions. Later he was assigned to Tokyo as Commander in Chief of the Far East Command and of the United Nations Command.

Familiar to classroom. Oddly, for a man who has seen so much action, General Taylor reckons that he has spent more time in the classroom than in commanding troops. At West Point, where he was graduated fourth in his class in 1922, he showed promise as a linguist.

The Army thereupon sent him to Europe to study French, and, while on the Continent, he also learned Spanish. He returned to the Military Academy and taught those languages for five years. A two-year assignment to Tokyo meant an opportunity to learn Japanese.

The General takes his languages seriously, spends part of every day working on one of the tongues in which he is proficient. When in command at Berlin, there was a daily session with a German instructor. Before leaving for Korea, he bought a Korean-English dictionary and dug into that difficult language.

As for classroom work, the General also is a graduate of the principal Army schools, the Command and General Staff School and the Army War College. And, for four postwar years, he was Superintendent of the Military Academy at West Point. He then was 44, the youngest man ever to hold that post, excepting Gen. Douglas MacArthur, who had the job at 39.

At the Academy, General Taylor made extensive revisions in the curriculum, added political science and economics to the subjects a young officer should know. He also, and without notable success, tried to discourage what he considered too great an interest in football.

Among Army men, General Taylor's cultural background is considered notable. He is widely read, spends as much time as possible with his books. Most military men are well read in history. To that, the General adds an interest in philosophy and the Greek dramatists, and literature generally.

At 53, General Taylor is as lean and trim as in his cadet days. He makes a fetish, almost, of physical fitness, sees no excuse for paunchy soldiers.

Hard-working soldier. General Taylor is accustomed to a long, hard day's work and sandwiches his other activities in as he can. His powers of concentration became noticeable at West Point, where his friends do not recall that he spent long hours at his books.

When he gets down to work, he shuts himself off from his environment, is thoroughgoing and quick. He also is a listener, a question asker. Characteristically, when he arrived in Korea, a stream of questions continued until he had acquired a firm grasp of the situation there.

New questions due. General Taylor is expected to ask a good many questions as he settles into his work at the Pentagon—questions about Army capabilities, how they are affected by manpower and money reductions, how they can be improved.

In selecting the new Chief of Staff, Army men say that President Eisenhower's choice quickly narrowed down to two outstanding men, General Taylor and Gen. Alfred M. Gruenther, who commands forces of the North Atlantic Treaty Organization in Europe and with whom the President has been closely associated.

—Wide World

WARTIME CLOSE-UP
General Taylor thrives on danger

However, it is thought possible that, in the coming broad change in the leadership of the armed forces, as the terms of the present Joint Chiefs expire, a place will be found for General Gruenther, perhaps as Chairman of the Joint Chiefs, the post now held by Adm. Arthur W. Radford.

President Eisenhower once criticized the views of General Taylor's predecessor, General Ridgway, as "parochial," meaning he was too preoccupied with the exclusive affairs of the Army. At the Pentagon, most Army men expect General Taylor, while sticking up for the Army, to see defense problems as a whole.

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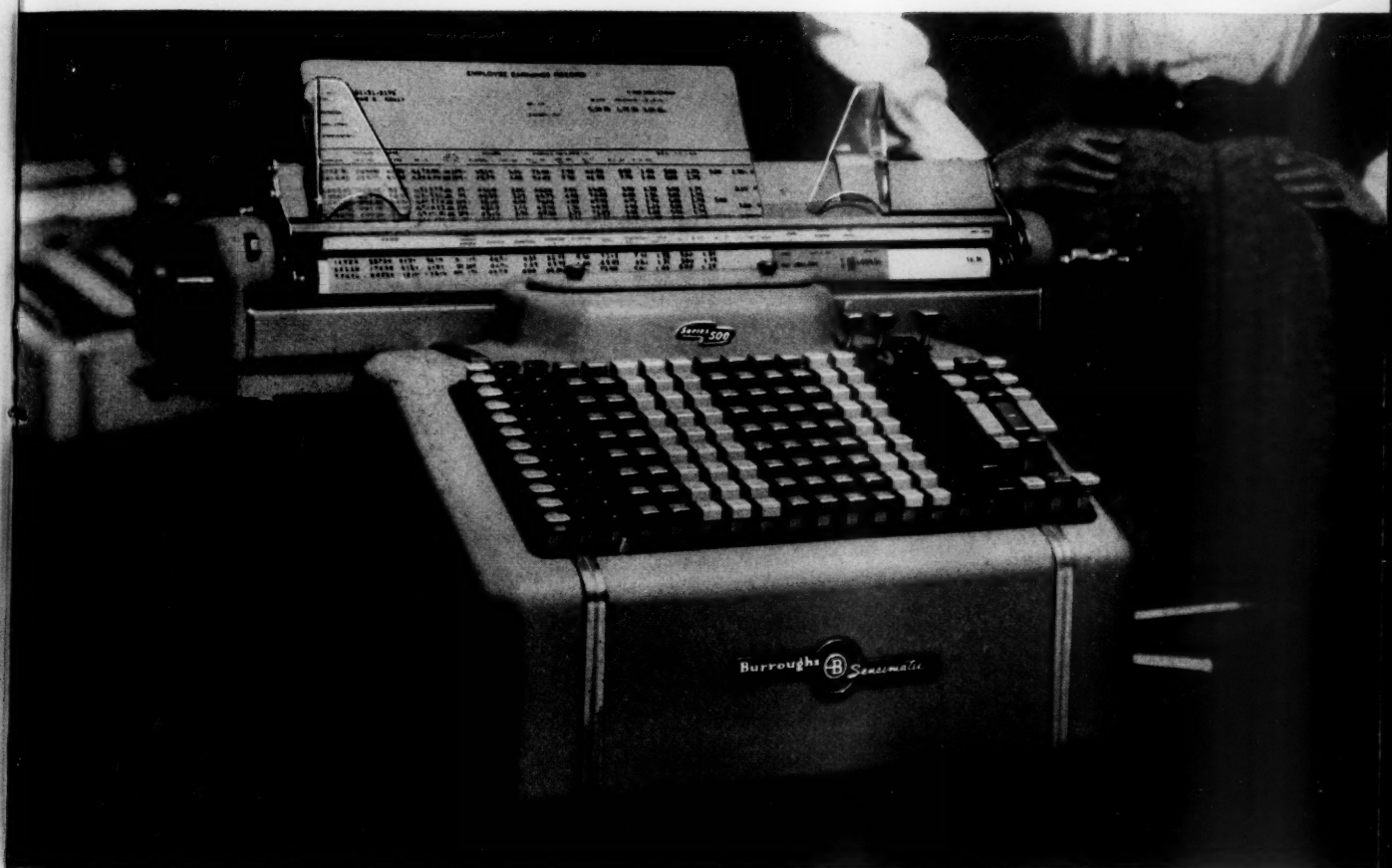

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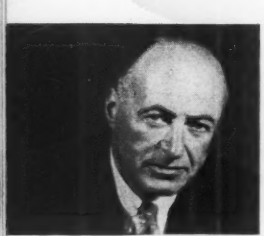

MR. ROBERT A. JACOBS, noted architect, partner of Kahn and Jacobs, Fellow, American Institute of Architects. Mr. Jacobs is an ardent and well-traveled fly fisherman.

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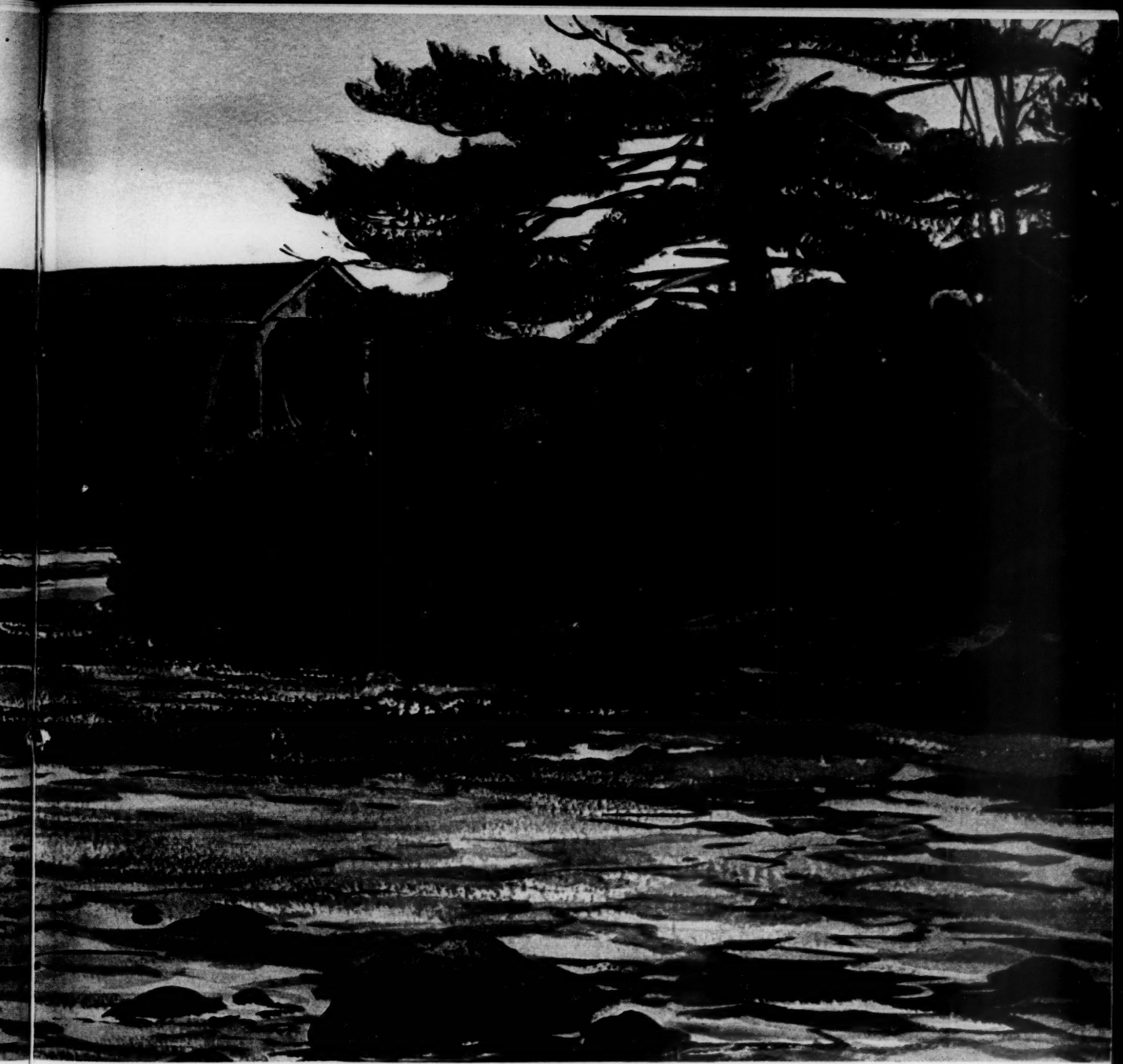

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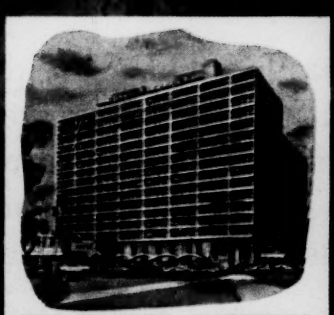

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HOW DESEGREGATION IS GOING

A Negro Report, Nation-Wide, on the School Situation

It has now been a year since the Supreme Court ruled segregation unconstitutional.

What has been done, in that year, toward mixing white and Negro pupils? How are the mixed schools working out?

The National Association for the Advancement of Colored People has made a survey on those questions. The survey shows that, of 12 million pupils affected by the ruling, only 250,000 have so far been integrated.

In most places where mixed schools have been tried, the NAACP says, the change has been made peacefully. This is how Negroes themselves size up the situation.

Following are extracts from a report issued on May 10, 1955, by the National Association for the Advancement of Colored People:

Nearly 250,000 Negro and white children are attending classes peaceably together in 500 public elementary and secondary schools which, until last year, had been for the exclusive use of boys and girls of one race or the other.

° ° °

In the 12 months since that day [when the Supreme Court announced its antisegregation decision], information compiled by the National Association for the Advancement of Colored People indicates that school desegregation has been initiated in the District of Columbia and the City of Baltimore, in two towns in Arkansas, 29 counties in West Virginia, 30 communities in Missouri, five towns in Delaware, six cities in Kansas, and scattered communities in Arizona and New Mexico.

° ° °

Attending the newly desegregated schools are an estimated 250,000 Negro and white children. Admittedly, this is only a tiny minority of the 9,821,000 white and 2,397,000 Negro children enrolled in schools in the segregated areas. Except in Washington [D. C.], Negro boys and girls are in the minority in most of the schools of mixed attendance.

Included in the 500 desegregated schools are those located in four of the six communities involved in cases ruled on by the Supreme Court. Following the decision, Washington, D.C., initiated desegregation. Earlier the Topeka, Kans., school board voted "to terminate segregation in the elementary schools as rapidly as practicable." The two school districts in the Delaware case already had admitted Negro pupils in compliance with a State supreme court ruling. Only Clarendon County, S. C., and Prince Edward County, Va., have refused to heed the Court's decision.

. . . The inspired strikes, the demonstrations of resistance in White Sulphur Springs, W. Va., Milford, Del., Baltimore and Washington have been widely publicized. However, for every Milford incident, there have been scores of unheralded instances of Negro children being welcomed by their new white schoolmates and teachers. Indeed, this has been the rule; the hate demonstrations, the exception.

° ° °

. . . The children, the teachers and the school authorities in a hundred localities have demonstrated that children of different races can play together and attend classes together without friction. Even the widely publicized demonstrations

—USN&WR Photo

"Children of different races can play together and attend classes together without friction"

. . . "Most effective job has been in West Virginia, Missouri"

in Baltimore and Washington never involved more than a small minority of the total student bodies.

* * *

Perhaps the most effective job in school desegregation has been done in West Virginia and Missouri, a survey conducted by the National Association for the Advancement of Colored People indicates.

Although there are areas in each of these States in which no alteration has been made in the existing pattern of segregation, other sections of the States have moved ahead without awaiting decrees implementing the United States Supreme Court decision of May 17, 1954. Of the 44 West Virginia counties in which Negro school-age children live, 29 have initiated desegregation, including 12 which have completely integrated. In Missouri, 110 of the 177 school districts reporting Negro children have opened previously white schools to colored pupils.

The West Virginia Report

W. W. Trent, State superintendent of schools, reports that 12 high schools, 37 junior high schools and 86 elementary schools have been desegregated in West Virginia. These schools have a total enrollment of 45,596, of which only 1,068 are Negro pupils, 427 of whom attend high schools. . . .

The great majority of Negro children still go to all-Negro schools. However, the number of schools attended solely by Negro pupils dropped from 280 in 1953-54 to 261 in 1954-55. Of the State's 55 counties, 10 have no Negro pupils, 16 have postponed desegregation and 29 have begun integration.

West Virginia was the scene of demonstrations against desegregation. At White Sulphur Springs, in Greenbrier County, a desegregation order was rescinded after an adult-inspired "strike" among white high-school students. Negro students were sent back to their former school. There were demonstrations also at Madison and Seth in Boone County. At Four States, in Marion County, an incipient revolt was promptly quelled by Judge J. Harper Meredith, who branded action of parents picketing against desegregation as "a rebellion against the government" and threatened to jail offenders.

In Missouri

The Missouri story is similar to that of West Virginia. Desegregation has proceeded with a minimum of hostility. It is "working smoothly" and "we have encountered no major problems," reports Alonzo L. Redmon, Missouri State supervisor of Negro schools. Incomplete returns reported by Mr. Redmon indicate a mixed enrollment of 55,000 Negro and white children in 89 high and 41 elementary schools of the State. Most of the integration has taken place at the high-school level with 5,200 colored students attending classes with 35,600 white boys and girls. Only 330 Negro youngsters were reported enrolled with 13,900 white children.

St. Louis, the State's largest city, initiated desegregation in the teachers' colleges at the beginning of the 1954-55 school year. With the opening of the second semester on Jan. 31, 1955, the high schools were desegregated. A total of 762 students who formerly attended the two all-Negro high schools were registered in six formerly all-white schools attended by 9,200 white students. Because of residential segregation, two high schools remained all-Negro and one all-white.

The reception accorded Negro students entering for the first time formerly white schools was almost universally cordial in Missouri high schools. Colored boys and girls were welcomed and were immediately initiated into the schools' extracurricular programs, including not only sports, but also dramatics, debating and other activities.

* * *

Baltimore and Washington

Along with St. Louis, Baltimore and Washington are the largest cities to comply with the Supreme Court's May 17 ruling. The student population of Baltimore is 39 per cent colored; that of Washington, slightly over 60 per cent Negro. Thus the percentages of Negro enrollment are higher than in many cities of the Deep South.

Acting promptly and positively, Superintendent John H. Fisher of Baltimore announced shortly after May 17 that the schools of that city would open on an integrated basis in September. Beginning with the new school year, 38 previously all-white elementary schools enrolled 1,200 colored children among a total of 54,500. Twelve of 20 white junior and senior high schools with a total enrollment of 8,300 included 170 colored students. In addition, six white children were registered in three schools with total enrollments of 2,900.

In the Nation's Capital, 120, or three fourths, of the District's 158 school buildings were shared by students of both races for the first time with the opening of the 1954-55 school year last September. The city had a total enrollment of 105,400 pupils of both races in elementary and secondary public schools. Because of residential patterns, some of these continued to attend the 26 all-Negro and the 12 all-white schools.

* * *

Delaware, Pro and Con

On the credit side, Delaware is the home of perhaps the first town, in a State whose laws require separate schools, to admit Negro students voluntarily to its "white" schools prior to May 17, 1954. In Arden, a small community near Wilmington, school authorities, in response to a request of a Negro parent, agreed to admit his children to the local elementary school. This was after the State Supreme Court had ruled that the Hockessin and Claymont schools had to admit colored pupils on the ground that "equal" facilities were not available to them in their respective communities.

And then there were Milford, and Bryant W. Bowles, and his so-called National Association for the Advancement of White People. . . . The admission of 11 young Negroes to the Milford High School on September 8 had been approved by the school board. The children were in attendance with 584 white boys and girls for a full week without incident. On September 17, a county-wide protest meeting was held in the American Legion hall. The meeting set off a period of boycotts, picketing, defiance and disgraceful conduct terminating in the capitulation of the school authorities to the mob's demand to remove the Negro pupils.

Elsewhere in the State desegregation proceeded apace. Three communities, Claymont, Hockessin and Arden, had already removed the color bar. Following May 17, Wilmington initiated desegregation in grade schools. In eight of the city's 14 elementary schools both races are now being taught together. Negro students may attend the white high school for courses not available at the colored high school.

In Newark, integration was started at the junior and high-school levels with the elementary schools remaining separate during 1954-55. New Castle, Delaware City and three small-

(Continued on page 78)

Ask the man behind the badge about

100,000 MILE WARRANTY

At last—you can buy truck engine performance *by the mile*. This 100,000 mile warranty backs up the full line of revolutionary Reo Gold Comet Engines. Every Six from 107 to 160 horsepower. Every V-8, from 195 to 220 horsepower; pound for pound, these are the *most powerful truck engines ever built*. All short stroke! All wet sleeve cylinder construction! All high velocity cooled! Your choice of gas or LP-Gas. By every comparison Reo has the most completely modern truck engines on the road. So now, *it's a provable fact*. The day is here when buying less than a Reo truck for medium or heavy duty hauling *can cost you money*. Get all the facts from a Reo man today.

REO

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WATCH REO ROLL

Reo Motors, Inc.
Lansing 20, Mich.
Toronto, Ontario

. . . "41 Negro teachers dismissed as a result of desegregation"

er communities near Wilmington also opened the doors of their schools to pupils of both races.

The Permissive States

In four States—Kansas, New Mexico, Arizona and Wyoming—public-school segregation was permissive. In some measure school segregation prevailed in all of these States except Wyoming, which has a minimum Negro population. Gov. Milford L. Simpson has asked the Wyoming Legislature to enact a civil-rights code eliminating the Jim Crow school statute. One of the cases on which the Supreme Court ruled on May 17 originated in the capital of Kansas, Topeka.

In Kansas there has been only one separate high school for Negroes, located in Kansas City. In other communities both races attended the same high school. In many cities there were no separate schools, either elementary or secondary. Even before May 17, partial desegregation was begun in Topeka, Wichita, Atchison and Salina. Following the decision, Lawrence, Leavenworth, Kansas City and Parsons initiated programs of desegregation.

° ° °

Indians, Too

The May 17 decision not only struck a blow at the separation of Negro and white children in schools, but also facilitated the integration of Indian youngsters in the public schools of New Mexico. Previously, these children had chiefly been restricted to schools on the reservations. Because of inadequate facilities an estimated 14,000 Indian children in New Mexico were school-less last year. Federal assistance has enabled local schools to enroll many of these along with white and Negro youngsters.

Threatened opposition to the admission of Negro children to the white schools of Hobbs failed to materialize. . . . Desegregation in other communities such as Carlsbad, Clovis, Roswell and Las Cruces enabled State Superintendent of Public Instruction Tom Wiley to declare: "I can say today that there no longer is segregation in the New Mexico school system."

Arizona and Arkansas

As in New Mexico, school segregation in Arizona was well on its way out before May 17. Indeed, two State court judges had held the permissive Arizona statutes unconstitutional. In Phoenix, the all-Negro high school was closed at the beginning of the school year. Previously, the other schools had been opened to Negro admissions. All the schools in the State have been desegregated peaceably.

Arkansas is the only Deep South State which has taken action to comply with the Court's ruling. In Fayetteville and Charleston, Negro students have been peaceably enrolled in previously all-white schools.

Is the Negro Teacher Doomed?

Southern advocates of continued school segregation direly predict that the Negro schoolteacher has no future in an integrated system. . . .

What has actually happened to Negro teachers in communities which have already desegregated in compliance with the May 17 ruling of the United States Supreme Court? . . .

Although the NAACP survey is incomplete, there is sufficient evidence to indicate trends. Of the hundreds of Negro teachers employed in localities which have desegregated, the NAACP has authentic information involving the dismissal of only 41 as a result of desegregation. The survey indicates further that there has been no loss of employment by Negro teachers in any of the larger cities such as Washington, Baltimore, St. Louis, Kansas City, Mo., or Wilmington, Del. Also, that there is a large number of white teachers instructing mixed classes for the first time and a smaller, although significant, number of colored men and women who, for the first time, are teaching children of both races.

In Washington, where teachers had been as rigidly segregated as students, the school year opened with mixed faculties in 37 of the District's 158 public schools. Some 250 new teachers were appointed and assigned to schools without regard to race. Of the total of 3,620 public-school teachers, elementary and secondary, in the District, 1,943 are Negro and the remaining 1,677 white.

Caution in Baltimore

Baltimore approached the problem of teacher integration with caution. Back in July, it appeared there was going to be no realignment of teaching staff and, as many of the schools would remain racially homogeneous, this would mean that Negro teachers would be confined to all-Negro schools. By the time the schools opened there was a slight relaxation of this policy. New vacancies were filled without regard to race. Two Negro teachers were assigned to teach mathematics in a practically solid white junior high school. A third colored person became teacher of French at another predominantly white school. A few others were assigned to mixed classes.

Because of overcrowding in the Negro high schools there was a surplus of Negro teachers when the secondary schools in St. Louis were integrated on January 31 of this year. These teachers, in accordance with policy and tenure, were assigned to the newly mixed schools where they teach students of both races. The vast majority of the colored teachers remained at the two high schools which, because of residential segregation, remained all-Negro. But at least nine Negro teachers were transferred to mixed schools.

In Wilmington, six Negro teachers are now serving on faculties of schools which formerly were lily-white. One white teacher has been assigned to a previously all-Negro school. In Kansas City, Mo., there are 15 Negroes on the 50-member faculty of the integrated Manual High School. . . .

Little Change in Kansas

Cities throughout the State of Kansas have proceeded with pupil integration. Although there has been no indication of a loss of Negro teachers, integration of faculties has been rare. . . .

From Missouri, the NAACP has received information that 26 Negro teachers have been notified that their contracts are not to be renewed for the next school year. Twelve of these have been teaching in Moberly, 11 in Saline County and three in Hannibal. In the State generally, colored teachers are being restricted to teaching Negro youth.

° ° °

West Virginia's superintendent of schools, W. W. Trent, reports that 15 Negro and 897 white teachers are now giving instructions to school children of both races in the same classrooms for the first time. In the transition from segregation to integration, 19 Negro schools were eliminated and 15 colored teachers lost their jobs. Included in this number were six principals and one coach. There were no Negro principals of integrated schools.

WHY THIS SIGN IS YOUR GUIDE TO FINER TELEVISION

RCA's 36 years' experience is yours to share in TV—black-and-white or color

When the time comes for you to purchase a TV set and enjoy the most fabulous medium of entertainment ever created for the home, here are facts that will help you make the right decision.

To pioneer and develop television, in color as well as in black-and-white, called for a special combination of practical experience, great resources and research facilities in the fields of communications and electronics.

RCA was well qualified to do the job:

EXPERIENCE: RCA has been the recognized leader in radio communications since its formation thirty-six years ago. Its world-wide wireless circuits, established in 1919, and its development of electron tubes, laid the groundwork for radio broadcasting in 1920 . . . and the first nationwide radio network in 1926.

Radio broadcasting led to television—and in 1939 RCA made history by introducing black-and-white TV as a service to the public.

Dr. V. K. Zworykin of RCA invented the iconoscope, or television camera tube, and he developed the kinescope, now universally used as the picture tube.

RESOURCES: Pioneering and development of color TV has been one of the most challenging and expensive projects ever undertaken by private industry. To date, RCA has spent $50,000,000 on color TV research and development, in addition to the $50,000,000 previously spent in getting black-and-white TV "off the ground" and into service.

RESEARCH FACILITIES: RCA has one of the most complete, up-to-date laboratories in the world—the David Sarnoff Research Center at Princeton, N. J. It is the birthplace of compatible color television and many other notable electronic developments.

No wonder that you can turn to RCA to find all of the essentials of quality and dependability born only of experience.

In addition, the RCA Service Company, manned by a corps of trained technicians, operates service branches in all principal television areas. No other organization is so thoroughly equipped to install and service your television set, as well as any other RCA product.

RADIO CORPORATION OF AMERICA

Electronics for Living

RCA

How many of your company's products could you find in this new super market?

You can see scores of products produced by the major companies of America in the photograph above. Perhaps several products your company makes or helped to make are among them.

Among them, too, are at least five different wood fiber products of Kimberly-Clark.

The copy of Woman's Day Magazine is printed, in part, on a Kimberly-Clark paper. The waxed paper liner in the box of Post's Sugar Crisp, the paper that is used as the outside covering of the Pillsbury Cake Mix box comes from the mills of Kimberly-Clark.

A Kimberly-Clark product is used in making a part of the filter tip of the cigarettes in the carton above.

Kimpreg, the plastic surfacing for plywood, made by Kimberly-Clark makes a counter top that resists moisture and extreme abrasion.

Hundreds of products made from wood fiber exist today to make American business more profitable—to make the everyday lives of Americans more comfortable. Many more wood fiber products are now being developed. And, in the future, still others will come from the minds of the men at Kimberly-Clark.

Kimberly-Clark

KIMBERLY-CLARK CORPORATION
NEENAH, WISCONSIN

News YOU Can Use ®

IN YOUR PERSONAL PLANNING

24th and N Streets, N.W.
Washington, D. C.

Out of the welter of confusion surrounding the supply situation on the Salk polio vaccine, we get these facts that you can now count on.

VACCINE SUPPLIES. It is plain that the program has suffered a severe setback. Public Health Service, after a delay for a recheck, O.K.'d vaccine already distributed by two companies. Now it announces it is delaying a similar approval in the recheck of vaccine already distributed by two other companies. At the same time, vaccine manufactured by all companies, but not yet distributed, is being held up awaiting PHS approval. What is, in effect, a tougher testing program makes it uncertain when these new supplies will be released for use.

PROGRAM DELAY. PHS insists the vaccine is effective and safe. Dr. Jonas E. Salk, its developer, says polio cases among vaccinated children appear "coincidental." Official view, as of now, is that the program will continue.

Children in the first and second grades will get their first two shots, as promised. But that may or may not be before the end of the school year.

Other children in the 5-to-9 age group are to get second priority. States, though, are to decide how the allotment for them will be distributed.

Shots for older and younger children probably cannot be had until 1956.

DANGER MONTH. Officials see the possibility that it may be mid-August before enough vaccine to complete the school program is available. That usually starts the high part of the polio season. A few experts say shots then may be unwise, suggest postponing them a month or so. There is some evidence of an added likelihood of paralysis should a child be harboring polio virus at the time he gets any kind of injection. The delay, though, wouldn't make previous polio shots worthless.

PERSONAL PRESTIGE. Expenses you incur to help increase your professional reputation can't be claimed as an income tax deduction, the Internal Revenue Service rules. Case involved a company president who took a $1-a-year job at a college giving lectures related to his business specialty. He spent money publicizing his lectures in order to boost his personal prestige and so lead to future business. IRS ruled the expenses were personal and non-deductible.

SICK-LEAVE PAY. The fact that you have to stay home because a member of your family is ill doesn't entitle you to the tax break on sick-leave pay.

(over)

That's a decision by the federal tax collector. The law says that you may be able to ignore, as income for tax purposes, payments of up to $100 a week you receive from your employer while you are absent from work because of illness or injury. But this doesn't apply to pay you get while you are off taking care of a family member who is sick, the tax collector says. Nor does it apply if you are quarantined because someone in your home has a contagious disease.

SUMMER WORK. That boy or girl of yours looking for a summer job will have more opportunities this year than last, the Department of Labor finds. Competition for jobs will be keen, since few areas have more openings than youths to fill them--but the over-all job picture is "quite good," the Department says.

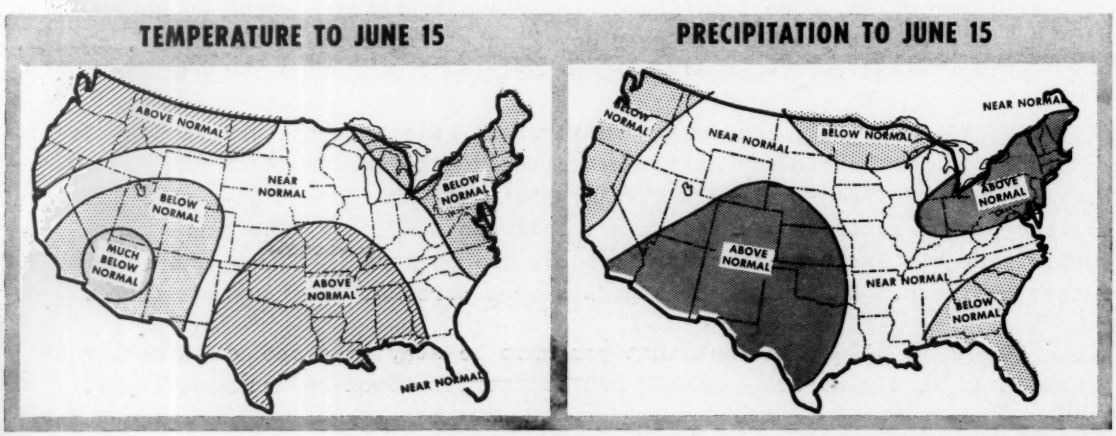
Best place to start a hunt for a summer job is at the nearest State Employment Service office. That will provide a fill-in on the local job picture, and perhaps lead to an actual opening. Youth organizations, too, issue job guides.

JOB OPPORTUNITIES. The number of summer jobs available changes from year to year, but the opportunity pattern stays pretty much the same. Farms and farm organizations are a key to live-in jobs as well as day labor. Industries which boom in summer, those handling ice cream and soda pop, for example, always need extra help. Service stations, resorts, recreation centers, lawn-maintenance firms and summer camps also provide seasonal jobs.

KOREAN-WAR PRISONERS. Many Americans who were prisoners of war in Korea have failed to file claims for compensation due them. And the filing deadline is August 21, the Foreign Claims Settlement Commission points out. The claim may be filed by the widow, children or parents of a deceased former prisoner.

SHOPPING ABROAD. This to settle a question about whether items you bring back from abroad as gifts for others can come in duty free under the exemption allowed on articles bought for your "personal use": U.S. customs regulations hold that they can. But they must be bona fide gifts; buying, say, perfume or linens in a friend's behalf can--if discovered--lead to confiscation of the merchandise and perhaps a fraud penalty.

WEATHER. Much of the East and Southwest are to be cooler and wetter than normal up to mid-June, these maps based on the Weather Bureau's outlook indicate:



PROGRESS THROUGH ANACONDA METALS

The cable that keeps coal coming

THE PROBLEM: Everywhere in a coal mine the vital power link is electrical cable. Whenever cable fails, mining stops. Machines stand idle. Men sit and wait. Costs go up.

The cable is always fighting for its life. Rock slivers prick tiny holes. On wet mine floors, water may get inside and short the cable. Machines snap it like a whip and pinch it against mine walls, breaking the conductors. To survive takes a stout heart. The cable must be engineered as carefully as the massive machines it powers.

THE SOLUTION: Engineers of Anaconda Wire & Cable Company checked thousands of cables to see why they failed; then they developed the cable in the picture above. It's considered the toughest "shuttle car" cable ever made—greatly cuts down those costly failures. Neoprene, nylon and copper give it new *inner* and *outer* strength. Hundreds of tests proved its longer life. *This cable keeps the coal coming!*

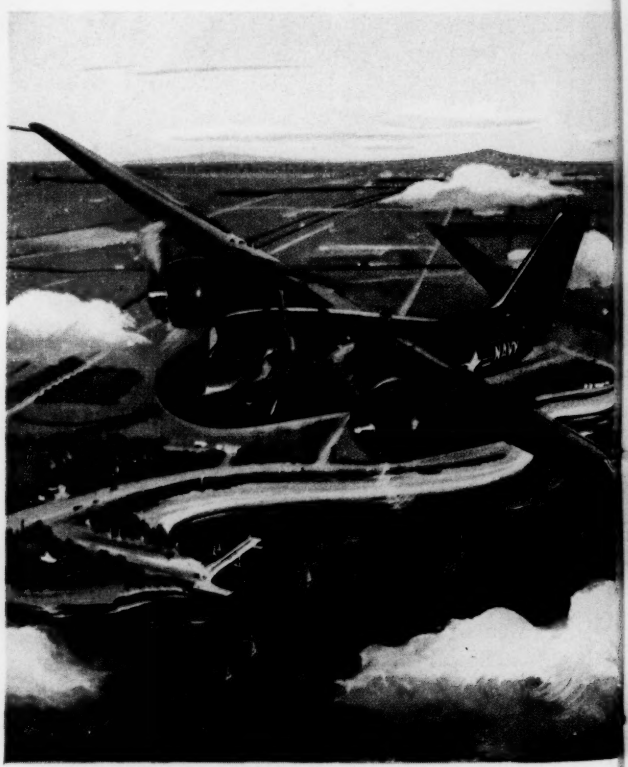
THE FUTURE: Mechanization calls for better and better wires and cables. In keeping pace, Anaconda's experience with metals and cable engineering is finding dependable answers — *often first!* The Man from Anaconda can focus this experience on your problem . . . to save you time, trouble and money. *Anaconda, 25 Broadway, New York 4, N. Y.* 55222

ANACONDA®

(Advertisement)

BIGGEST NAVY ATTACK AIRCRAFT is the new Douglas A3D Skywarrior, the most powerful bomber developed for carrier service. Two 10,000-pound thrust Pratt & Whitney Aircraft J-57 jet engines put it in the 600-700 mile-per-hour class. Operating from big canted deck carriers, atom-armed A3Ds will extend the U. S. Navy's striking power well beyond any point yet reached.

MIDGET BOMBER, the Navy's fast, long-range Douglas A4D Skyhawk, combines simplified design and ability to carry atomic weapons. One Wright J-65 jet engine powers it.



DOING A DUAL JOB, Grumman's new far-flying S2F both hunts and kills enemy subs, formerly the job of two separate aircraft. It is carrier-based, has two 1450 hp Wright piston engines.

OF NAVY ATTACK AIRPLANES

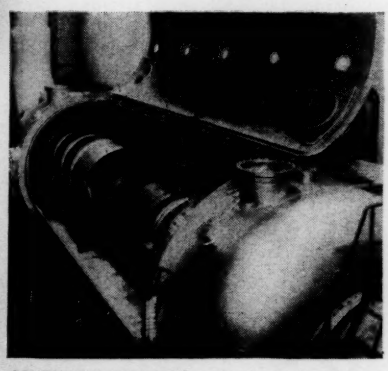
Another example of continuing progress in rebuilding American Air Power

Strong Air Power—on land and at sea—is so vital to America's security that every citizen is entitled to know what progress is being made to *achieve* it—and what must be done to *maintain* it.

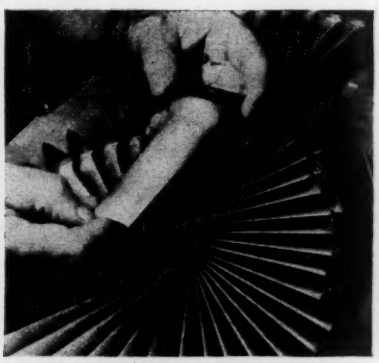
Today, military airplanes of amazing speed and power have been designed and developed through the teamwork of your armed forces and the U. S. aviation industry. Thousands are being built. They form a new generation of potent fighting aircraft, typified by the Navy attack bombers shown on the opposite page. Like other new U. S. military airplanes, these outstanding craft are designed to be second to none in performance, in quality and in safety.

But important as it is, high production of these modern aircraft alone is not enough to sustain Air Power. As never before, continuous air strength depends upon continuous programs of research and development work in every advancing phase of aviation science. Along with production, these vital programs are more urgent than ever in the face of growing threats from behind the Iron Curtain.

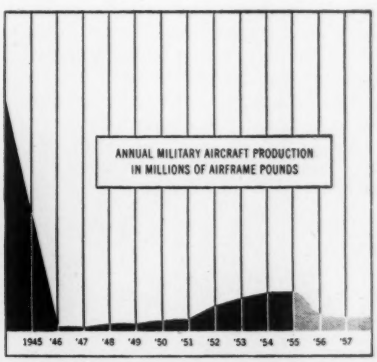
America is now beginning to benefit from just such long-range programs in military aviation. If carried forward without wasteful stop-and-go interruptions, these well-planned programs can produce and maintain the strongest possible modern Air Power at the lowest possible cost to taxpayers . . . With such strength, lasting peace may one day be achieved.



CONTINUING RESEARCH by scientists and engineers is vital if America is to have superior Air Power in future years. Every advance in airplane performance—in speed, altitude, range or other capability—depends on data only research can provide. Problems of propulsion at extreme altitude, for instance, are probed in huge facilities like this new engine test chamber at Pratt & Whitney Aircraft's Andrew Willgoos Turbine Laboratory.



CONTINUING DEVELOPMENT brings higher performance, efficiency, and safety to airplanes, equipment and engines. For example, to build more power into jet engines, Pratt & Whitney Aircraft engineers developed "Waspaloy," a tough, heat-resisting alloy for turbine blades like those above. These blades can take high temperatures and withstand forces equal to the weight of 8 automobiles. The result is faster airplanes with longer engine life.



CONTINUING PRODUCTION of the most modern aircraft, missiles and armament—all far more potent than World War II's best—is rebuilding Air Power from the weak level of 1947 toward a position of adequate strength. Estimated future production, if uninterrupted and backed by continuing research and development programs, will meet current air strength goals in 1957, and continue to keep air strength modern at minimum cost to taxpayers.

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YOUNG MEN—*New generations of fighting jet aircraft depend on highly-skilled Naval aviators. You may qualify as an aviation cadet. Ask any Navy recruiting officer about the NAVCAD program and a career in the U. S. Navy.*

ENGINEERS: *We need experienced engineers in many categories. If you are not engaged in national defense work, write to our Personnel Dept., stating complete qualifications.*

Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

WHY BUSINESS SPENDING IS GOING TO STAY HIGH

Business is finding that strange and wonderful things are happening to its supply of cash for investment and dividends.

With no great rise in profits, or with declines, the cash take is growing rapidly. Bigger tax write-offs are the key.

Business is to have enormous, and steadily growing, sums of cash for expansion and dividend payments in the period ahead. The trend of tax write-offs for depreciation makes that clear.

Already, cash depreciation allowances of corporations have risen from 4.2 billions in 1946 to 12.6 billions in 1954. Each year, corporations are getting 1 to 1.5 billion dollars more from depreciation than they got the year before.

Significance of these figures lies in the fact that depreciation, together with profits and "depletion" allowances, determines how much money industry is generating for future use—for modernization and growth, or for payments to owners. And spending on expansion, it's to be noted, has been perhaps the strongest of all forces behind this country's record rise in employment, production and incomes since 1945.

This past expansion is itself a major cause of the rise in depreciation allowances. Industry is writing off billions of dollars' worth of new plants and equipment. Rapid—five-year—amortization of defense facilities has helped to bunch tax write-offs on industry's books. Now, new tax rules enacted last summer are starting to swell these tax allowances even more rapidly.

What all this means is that industry is beginning to find it possible to finance more of its investment in a normal fashion—that is, through depreciation allowances—rather than almost entirely by reinvesting after-tax profits.

These significant trends are not to be discovered in the usual accounts of company or industry earnings. Depreciation allowances, though they represent no cash expense to a company, are listed in tax returns and on company books as a "cost." The company pockets the cash and holds it for replacement of facilities, or for other use. Yet that cash doesn't show up in earnings reported by companies.

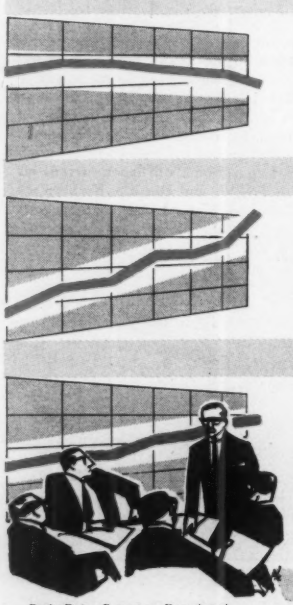
More important for investors looking for opportunities is the fact that big tax write-offs actually depress profit figures usually reported. A firm that has a rise of a million dollars in its depreciation allowances, and no other change, will show a profit decline of roughly half that much.

How it works out. Some well-known companies illustrate these trends.

Big U. S. Steel shows a rise in after-tax profits from 127.1 million dollars in 1947 to 195.2 million in 1954. In addition, though, the company's depreciation and

(Continued on page 88)

BILLIONS FOR BUSINESS GROWTH



	1947	1954	CHANGE
Profits* after taxes were this much:	$17.5 billion	$16.7 billion	DOWN 4.6%
But, in addition, these amounts were set aside for depreciation:	$5.2 billion	$12.6 billion	UP 142%
SO, total "cash earnings"—that is, profits* plus depreciation—came to:	$22.7 billion	$29.3 billion	UP 29%

*Profits include amounts set aside tax-free as allowances for "depletion" of resources

Basic Data: Commerce Department

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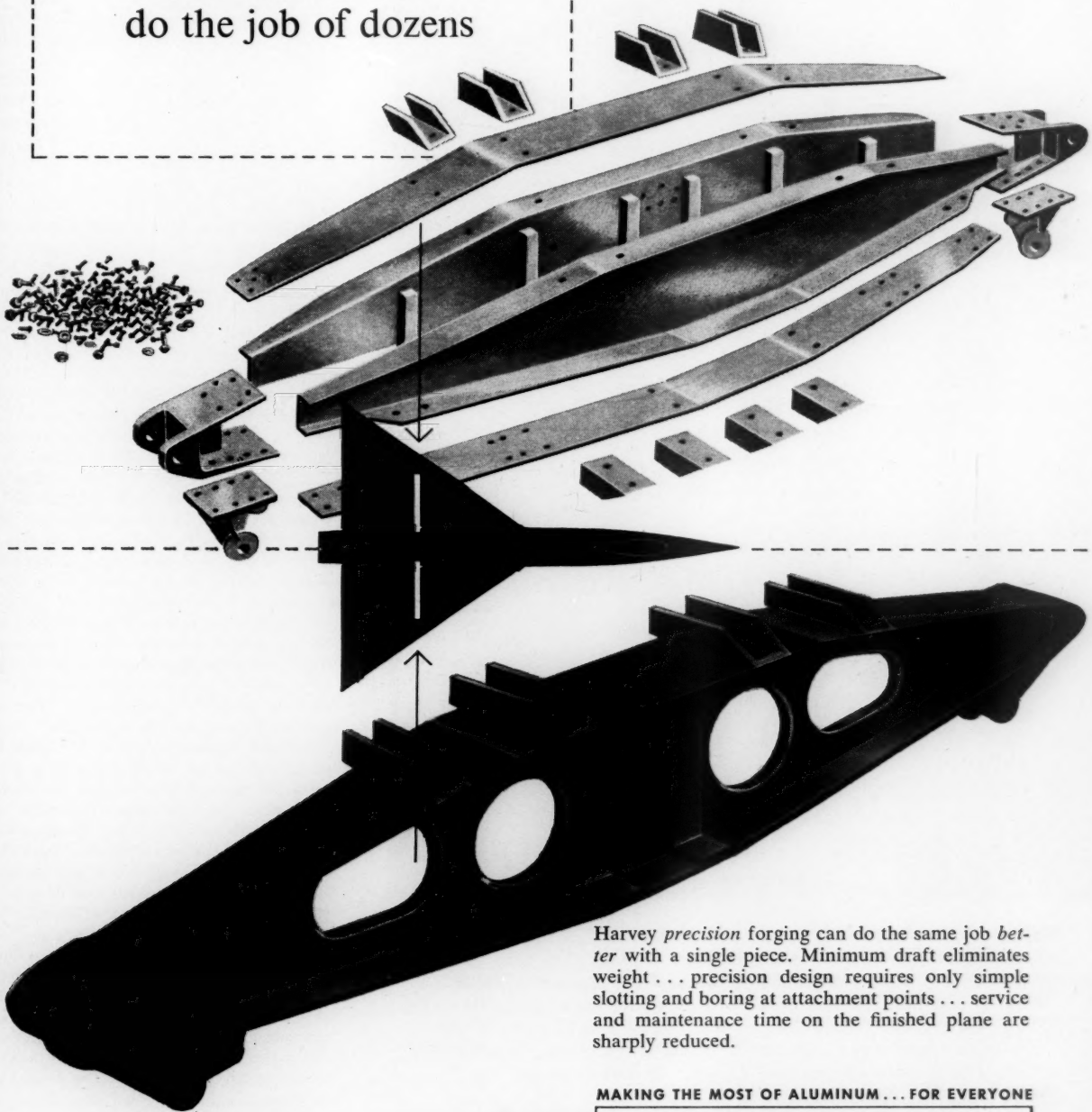
Harvey precision forgings... making one part do the job of dozens

Here's an aircraft beam . . . made the old way. Each one of the pieces you see must be handled separately, brought to an assembly area, laboriously put together with upwards of 40 bolts, almost 200 rivets. And it's only one of many similar beams in a typical modern plane.



Harvey *precision* forging can do the same job *better* with a single piece. Minimum draft eliminates weight . . . precision design requires only simple slotting and boring at attachment points . . . service and maintenance time on the finished plane are sharply reduced.

MAKING THE MOST OF ALUMINUM . . . FOR EVERYONE

HARVEY Aluminum

RESEARCH . . . DEVELOPMENT . . . PRODUCTION

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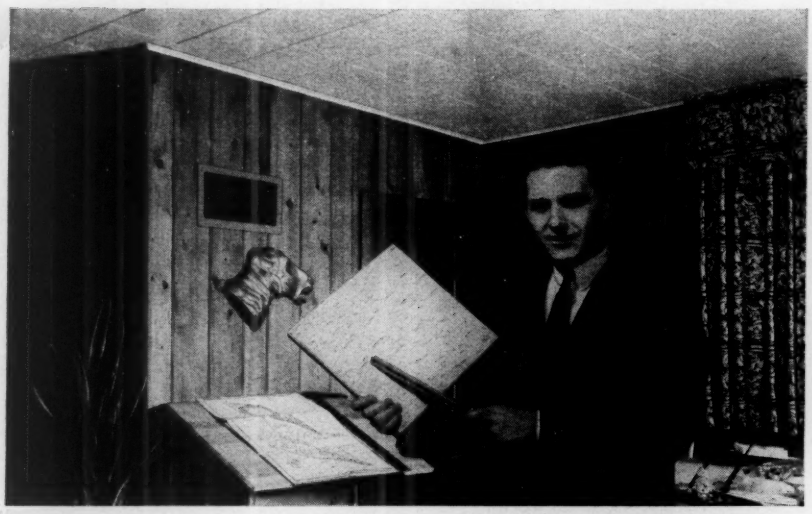
HARVEY ALUMINUM SALES, INC., TORRANCE, CALIFORNIA—BRANCH OFFICES IN PRINCIPAL CITIES

Emmett Kelly's a *quiet* clown. Without saying a word, he can keep Big Top audiences laughing. But most people have to talk to get anything done. In business offices talk is an absolute necessity. Add to this constant buzz the clatter of typewriters, the jangle of telephones and you have nerve-racking noise that lowers efficiency. The solution? A Gold Bond acoustical ceiling!



Gold Bond Travacoustic keeps offices quiet. This architect holds a lightweight Travacoustic tile. These tiles soak up noise like a sponge. And they're just as fireproof as the expensive Travertine stone they resemble. No two tiles are alike, giving the ceiling a pleasing variety. Gold Bond Travacoustic is easily installed, easily cleaned, and may be painted to blend with any color scheme. Include Travacoustic in your new or remodeled office plans.

Call your Gold Bond Acoustical Contractor

You'll find his name in the Yellow Pages of your phone book under "Acoustical Contractors." For free magazine, THE DECIBEL, giving you actual acoustical case histories, write to:

NATIONAL GYPSUM COMPANY
BUFFALO 2, N. Y.

Get sound comfort with
Gold Bond
ACOUSTICAL PRODUCTS

Many firms better off than "profits" reveal . . .

depletion allowances—which also mean cash in the till—rose from 88.2 million to 261.8 million. Profits alone were up 53.6 per cent. Yet total "cash earnings"—profits plus depreciation and depletion—were up 112.3 per cent—more than twice as much as reported earnings.

Chrysler, meanwhile, reports a very sharp—72.5 per cent—drop in profits from 1947 to 1954. Yet, with money charged to depreciation added, Chrysler's total cash earnings in 1954 were 27.7 per cent higher than in 1947.

Parke, Davis also shows a decline in after-tax profits for the period but a rise in cash earnings—or total funds made available for investment and dividends. Some, such as Celanese Corporation, show actual declines in cash earnings, but declines that are far smaller than those in profits.

These figures need to be watched closely even in one-year comparisons. U. S. Steel, for example, reports that its after-tax profits shrank by 26.9 millions from 1953 to 1954. But that was after the company had received additional tax write-offs for 23.8 millions. So cash earnings were almost unchanged. It was, in fact, the bigger depreciation charges that accounted for about half of U. S. Steel's decline in reported profits.

Special meaning. These figures take on particular meaning when it's recalled that depreciation allowances in much of the postwar period have been far too meager to pay for any major programs of modernization and expansion.

In early postwar years, industry had no great record of new investments to write-off through depreciation allowances. And strict tax rules have restricted the speed with which even those investments could be written off. Meanwhile, the limited cash available from this source became worth less and less as rising construction costs made new plants more and more expensive.

The result has been a situation familiar to every shareholder. Funds for new and modern plants had to come out of profits that already were shrunk by high tax rates. What was left for stockholders, during much of the postwar period, has been nothing to brighten the lives of investors.

Now, steadily rising depreciation allowances mean that more of industry's modernization and expansion programs can be paid for with funds recovered through tax write-offs. The trend of dividend payments is bound to be affected in a way to please, and attract, investors.

The stock market can be affected in still another way by these developments.

. . . Tax write-offs may lead to cut in stocks

More cash from depreciation means that –for any given levels of profits, dividends and investments–there will be less need for corporations to seek capital from outside sources. This can mean relatively fewer stock issues–and a more limited supply of shares on the market–than would otherwise be the case.

The prospect thus held out by the upward trend in depreciation allowances is that investors attracted by more generous dividends may be bidding for a limited supply of shares. It is not a prospect that depends on a big rise in after-tax profits.

What the record shows. To get an idea of what all this means for the future, take a look at what has happened already.

From 1947 to 1954, after-tax profits of all corporations except banks and insurance firms declined from 17.5 billions to 16.7 billions. So, on the basis of profits alone, corporations would have had less cash for investment and dividends in 1954 than in 1947.

Yet corporations were able to increase their outlays on new plant and equipment by 5.5 billion dollars. And they boosted dividend payments by 3.2 billion–or 50 per cent. In addition, where corporations had acquired 7.2 billion in 1947 by such actions as the sale of Government securities and the increase of short-term debt, in 1954 they actually spent 5.9 billion of their own funds on such actions.

Part of those striking differences results from the fact that industry was trimming inventories in 1954, instead of expanding them as in 1947. But bigger depreciation allowances contributed an extra 7.4 billion dollars of cash.

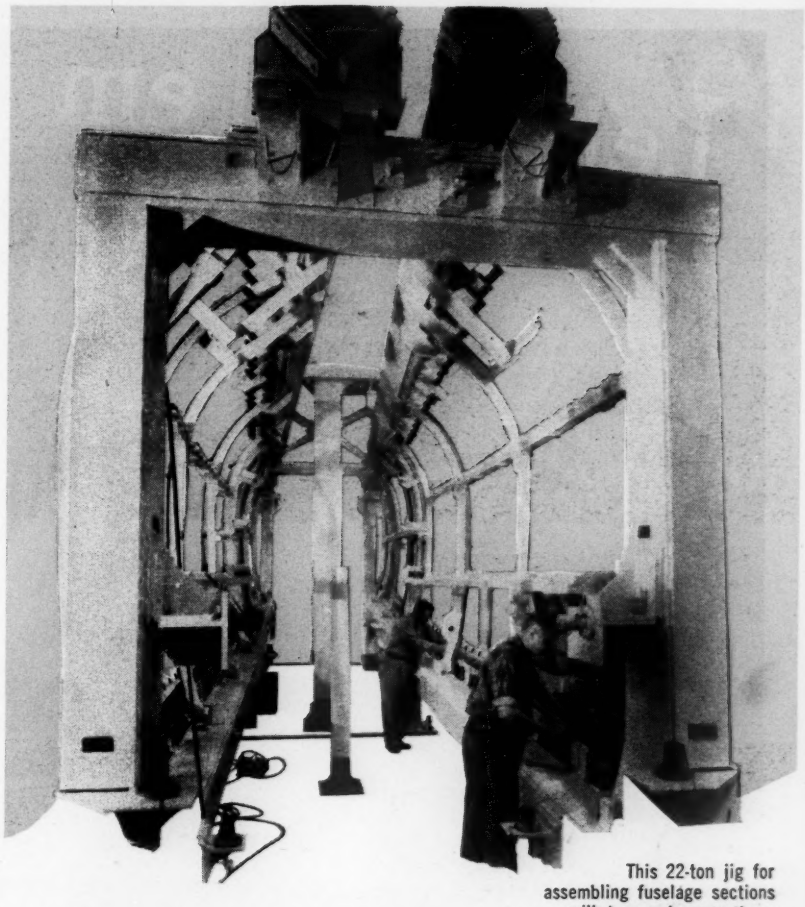
Also, only a shade over 2 billions of the added spending in 1954 was financed through increases in stock and bond issues. And the 1954 issues, it's important to note, were smaller than in 1952 or 1953, despite far higher prices of shares.

That comparison shows what bigger depreciation allowances can mean in the future–more expansion, or more dividends, or fewer security issues, or some of all three.

Trends not uniform. Individual industries–and companies–do not all show these changes in the same degree, of course. It's the industries and firms that have been doing the most expanding that are getting the big tax write-offs.

Manufacturing corporations offer clear illustrations of the new trends. Their total after-tax profits shrank from 11 billion dollars in 1948 to 9.1 billion in 1954. Their depreciation allowances expanded

(Continued on page 90)



This 22-ton jig for assembling fuselage sections will turn out many times its weight in B-52 assemblies.

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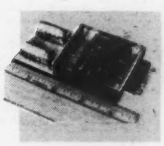

This tiny electronic assembly, weighing only 5¾ ounces, is also a TEMCO product.

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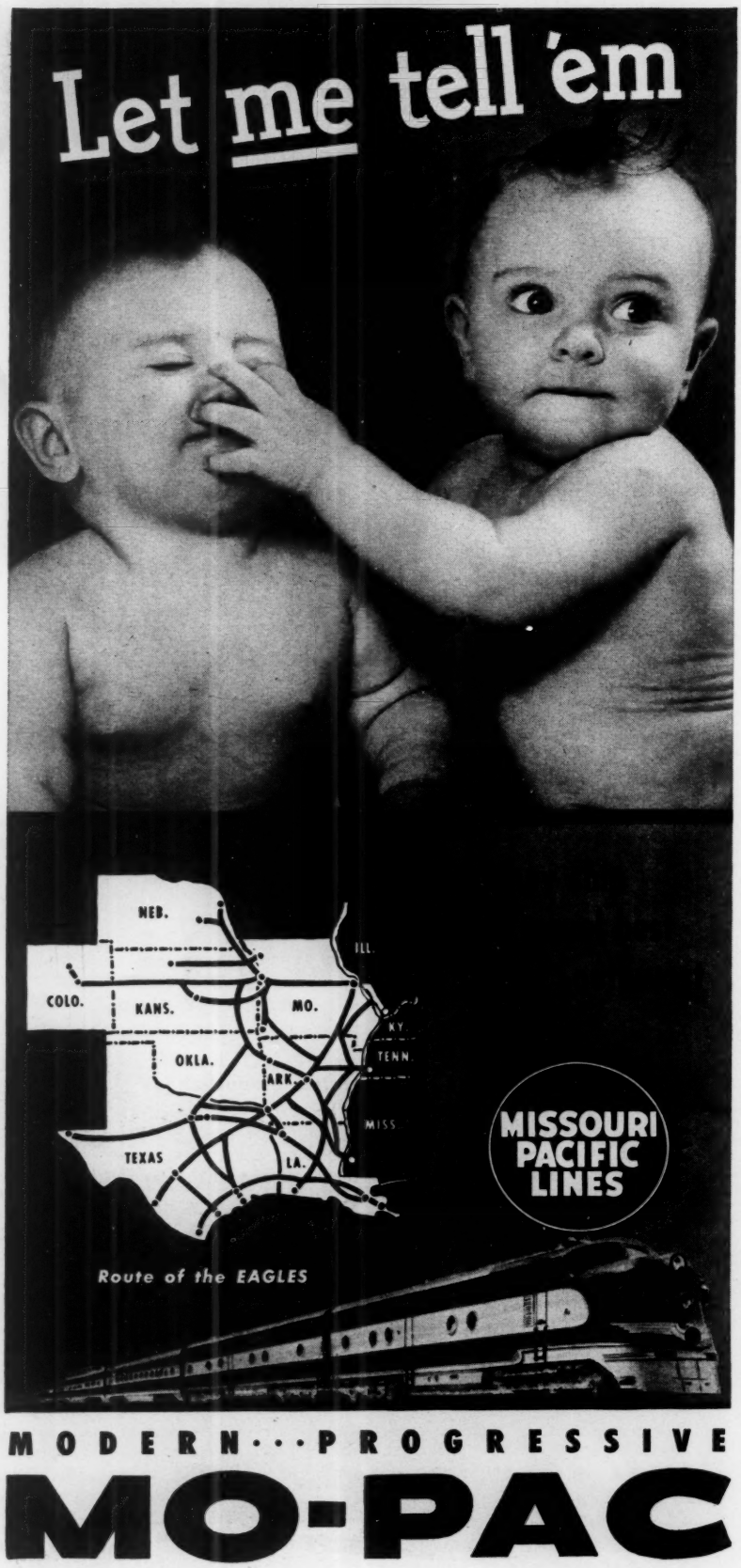

MODERN···PROGRESSIVE
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Special Report

. . . After-tax profits fall in trade field, but—

from 2.8 billion to 5.5 billion. Despite a 1.9-billion-dollar drop in profits, manufacturing corporations had more cash for investments and dividends.

Durable-goods producers, particularly those producing for defense, show the biggest rise in depreciation.

Producers of iron, steel, other "primary" metals combined show a profit decline since 1948. Yet their total cash earnings—including depreciation—are up nearly a fourth.

The machinery industry—excluding electrical machinery—generated almost exactly the same amount of cash for investment and dividends in 1954 as in 1948, despite a sharp drop in after-tax profits.

Makers of airplanes, locomotives and all transportation equipment other than automobiles—taken together—offer an exception. Their cash earnings were up 250 per cent from 1948 to 1954, but not primarily because of depreciation. Those allowances were up 63 per cent, while profits rose 325 per cent.

In nondurable goods, only the chemical industry among the major groups shows a big rise in total cash earnings since 1947. It was largely depreciation that accounted for the rise in chemicals, however, and rising depreciation went far toward offsetting profit declines for the other industries.

The same significant developments show up in nonmanufacturing industries. For all nonmanufacturing corporations together, profits in 1954 were about the same as in 1947. Yet these firms had 4.5 billions more for investment and dividends in 1954 than in 1947. A 150 per cent rise in depreciation did it.

In trade, all corporations together suffered drastic declines in after-tax profits. With far bigger tax write-offs, though, they got almost as much cash out of 1954 as 1947.

Mining and construction industries, which had modest profit gains, and the service industry, with a sharp profit drop, all came up with big increases in total cash earnings—thanks to larger tax write-offs. Public-utility profits and tax write-offs both rose sharply, to double the funds made available for investment and dividends.

Important lesson. That's the picture up to now. For businessmen and investors, it points up the necessity of watching something more than after-tax profits as a guide to the future. From now on, funds from depreciation are to play an increasingly significant part in industry's decisions to invest in new facilities and to pay dividends.

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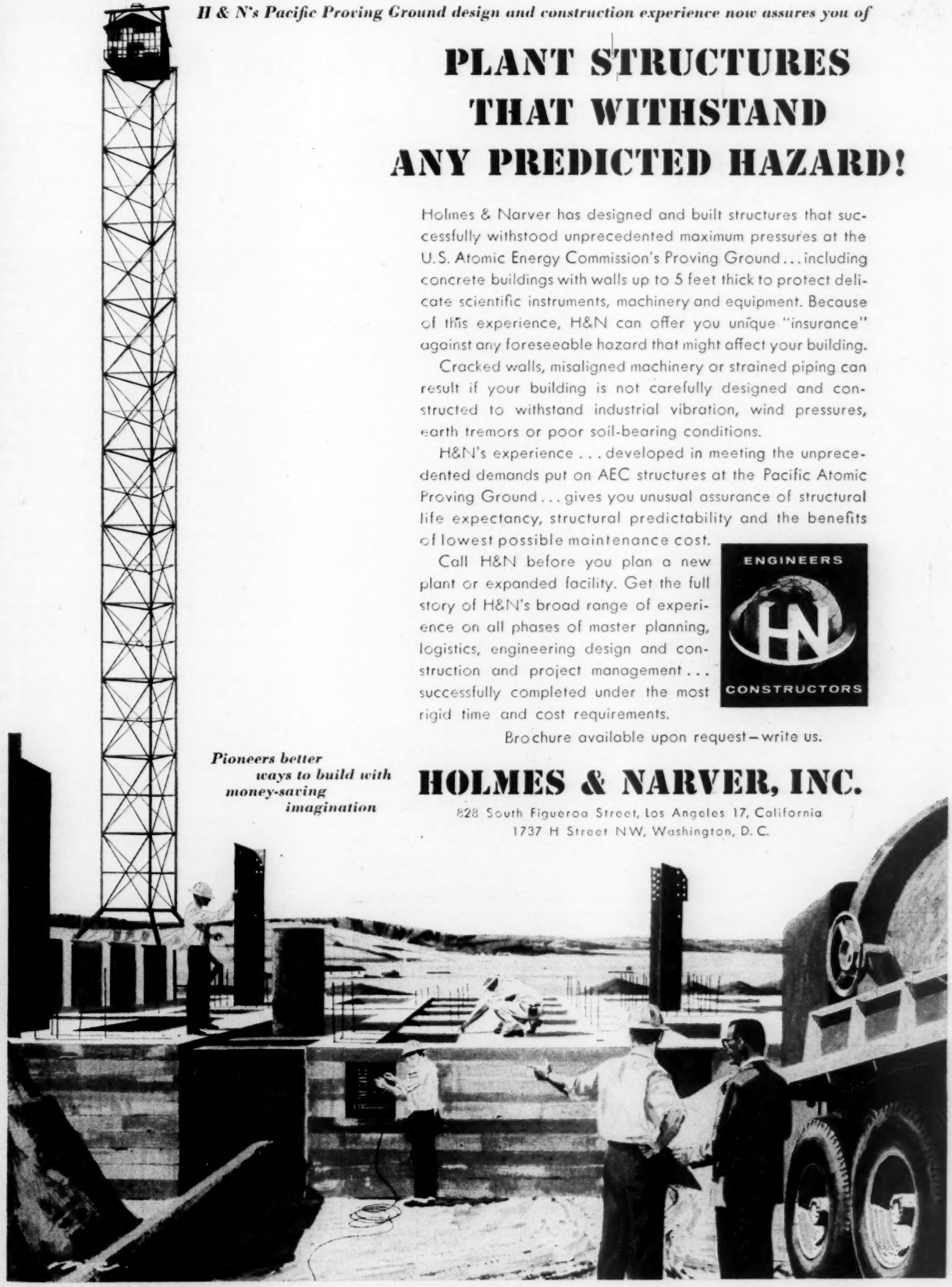


PLUS & MINUS
Latest Indicators of Business Activity

Production has moved within striking distance of its record high of 1953. It continues to draw strength from the public's eager demand for goods.

Factory output, at 138 on the indicator in the week ended May 14, was only 1 per cent below the peak of July, 1953, and was 11 per cent above the recession low of July, 1954.

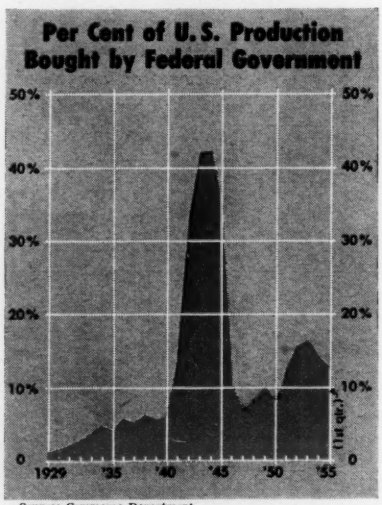
Autos and household goods, produced in huge volume, have given business activity a powerful lift. Federal Reserve indexes for April show auto production 37 per cent above a year ago. Output of household goods was 22 per cent above last year. Details on household goods for March follow:

	Per Cent Gain March, '54, to March, '55
Dryers and ironers	+90%
Furnaces	+49%
TV sets (table models)	+41%
Freezers	+39%
Refrigerators	+29%
Vacuum cleaners	+29%
Washing machines	+22%
Gas ranges	+19%
Electric ranges	+16%

Demand is being whetted by new products and improvements to old ones. For example, home-freezer sales are up strongly, with demand shifting to upright models from those of the chest type. Kitchen ranges of the built-in kind are gaining in popularity. New products such as electric skillets are winning favor.

The civilian economy is proving that it can stand on its own feet, without relying on heavy defense spending by the Federal Government. In the first quarter of 1955, total U. S. output of goods and services equaled its record high of the second quarter of 1953. Yet the Federal Government, as the top chart shows, now buys only 12.4 per cent of the total output, compared with 16.8 in the 1953 quarter.

Department-store sales ran 11 per cent ahead of last year in the week ended May 14. There were gains of 19 per cent for the Atlanta Federal Reserve district, 17 for Philadelphia, 16 for



Source: Commerce Department
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Cleveland, 15 for St. Louis, 14 for Dallas, 10 for Kansas City, 9 for Chicago and San Francisco, 8 for Boston, 7 for Richmond, 2 for New York.

Chain stores reported heavy sales in April. The largest gains over a year ago were made by auto-supply chains. Next in order were mail-order houses, then grocery and general-merchandise chains.

Auto dealers sold more than 700,000 new cars in April, a gain over the March record. Dealer stocks of new cars on May 1 had mounted to 679,000, as counted by the industry—or 758,000 as estimated by *Automotive News.* Manufacturers are preparing bonus plans and other inducements to dealers to keep sales up during the summer.

The purchase of homes continues at a fast pace. Mortgage recordings on new and old dwellings reached a record high in March, 37 per cent above March, 1954. The average amount paid for new homes was at a record high level. So was the average size of mortgage loans. Home buyers are willing to let the mortgages cover the extra cost of dishwashers and other equipment, even though the debt runs on after the equipment is worn out.

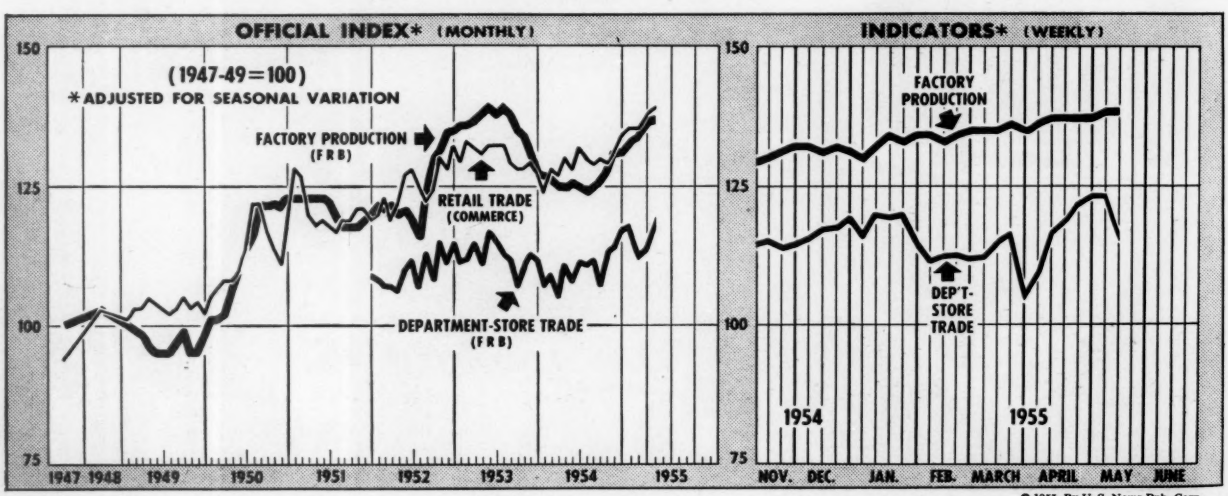
Slack in the economy is far less than a year ago.

Insured unemployment dropped to 1,346,000 in the week ended May 7. Less than one out of every 25 workers covered by unemployment insurance is idle. The drop in insured unemployment since January has been the sharpest for this period since World War II.

Layoffs, measured by new claims for unemployment compensation, are the fewest since October, 1953.

Activity is far up in many lines. Carloadings are the largest since October, 1953. Electric-power output, seasonally adjusted, is at a new high.

The urge for a higher standard of living has given business a strong lift since last autumn. There is every sign that consumers will go on spending freely throughout this year.



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Packard engineers, in common with Packard designers, had exclusiveness as their objective. For *only* Packard has Torsion-Level Ride which eliminates coil and leaf springs . . . smooths the road . . . levels the load—*automatically!* In other cars the twisting forces of wheel shock are sent to the frame, creating pitch and bounce and wracking of the frame and body. In Packard, these same forces are transmitted along the new suspension system and absorbed *before* they reach frame or passengers. And an ingenious power-controlled levelizer keeps the *new* Packard always at "flight-level" regardless of load.

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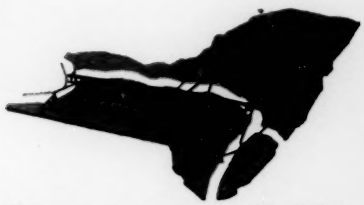

Highways, railroads, airlines and canals flow through the heart of the Niagara Mohawk system ... "Upstate, N. Y." At left: The historic Mohawk Valley, part of the "Great Corridor" of trade which extends from the Atlantic Seacoast to the heart of America.

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Business activity is headed for an all-time high, without doubt.

Records are to fall in production by factories, in numbers employed, in incomes, in total sales, in total output of goods and services.

Signs now are almost definite that reductions in auto production, probably in steel, maybe in construction, will only dent the boom, not puncture it.

Steel mills, in fact, expect to take in stride the anticipated drop in orders from auto plants. They report that auto companies already are ordering less steel, but that other customers are keeping the backlog high.

You can see what's going on from the latest Federal Reserve Board report.

Steel output this month is to be a record monthly high in tonnage.

Output of other metals is being held at exceptionally high levels.

Auto companies still are producing at close-to-record rates, but a cut in production is to be expected before very long.

Producers of factory equipment are increasing their operations, reflecting the increase in industrial expansion that is going on.

Truck production advanced substantially in April and stays high.

Output of furniture and household appliances also is large.

Note that all these industries were hit hardest by the business dip that began in mid-1953. Now all are recovering and some are at a new peak. Output of these so-called durable producers for April is reported at 151 per cent of the 1947-49 average. The high was 157 per cent for July and August, 1953.

In soft-goods fields, an all-time high in output was reached in April.

Paper and chemical industries are producing as never before.

Rubber industry also is turning out a record volume.

Close to former peaks are the food, apparel, leather and oil industries.

Textile output is not back to earlier highs, but it is rising.

The official index for soft-goods production for April was 124 per cent of the 1947-49 average. That's a new high.

Total output of mines and factories for April is reported at 136 per cent of the 1947-49 base. That's within an eyelash of the record high of 137 per cent, reached in May and July, 1953. There will be further gains in May.

You can see a boom clearly in the latest Commerce Department figures.

Total output of goods and services--the gross national product--hit the 1953 high in the first three months of this year. Production in that period ran at the rate of 370 billion dollars a year.

Gains from that point have since been made. There is no doubt that gross product for the current quarter will establish a new high mark.

(over)

Details of the Commerce Department figures show what sparks the boom.

Individual spending for goods and services is at a new peak. The outlay for the first quarter ran at 242 billions a year. That has never been approached before. Yet the total probably will go higher in months to come.

Private investment in construction and producers' equipment is running at nearly 52 billions a year, by the latest count. The building boom accounts for most of this rise, but equipment purchases are increasing now.

Inventory policy of business is turning around. Last year, firms sold off their inventories. Now they are beginning to add to them. That boosts output.

Government purchases are rising now, because of State and local spending. Federal outlays are well below the peak reached in mid-1953.

Upsurge in activity stems almost entirely from rising private demand upon the part of individuals and business firms. The figures seem to bear out the Administration's policy of giving individual initiative its head.

Merger trend among corporations has Government in a bit of a quandary. That can be seen, between the lines, in a Federal Trade Commission report.

A new antimerger act was passed by Congress in 1950, giving FTC more power to block mergers if the agency thought it necessary.

Since passage, the number of mergers has reached at least 2,100.

Trend in mergers has been sharply upward since 1949, but still is below the peaks of 1919-20 and 1927-29.

The FTC study, however, nowhere suggests adoption of a new policy or a policy that is set firmly against this trend.

Trend in mergers shows nonelectrical machinery first, with 249 since 1948; food products second, with 243; chemicals third, with 168; fabricated metals fourth, with 161. Other industries where mergers have been prominent include transport equipment, textiles, electrical machinery, primary metals.

Reasons for mergers are found by the Government agency to be varied.

Additional capacity accounts for two out of five consolidations. FTC finds that if it's a question of buying or building a plant, the purchase is usually favored, other things being equal.

Product diversification accounts for one out of four mergers.

Acquiring a supply source prompts one out of eight mergers.

Acquiring a market outlet is the cause of one out of 10.

New capacity in a new market is the reason for one out of 10.

FTC finds further that mergers also come about because small companies sometimes lack financial strength; large companies often have surplus cash; some owners want to retire; frequently there can be tax savings.

Automobile mergers, FTC says quite frankly, put officials on the spot.

Competition certainly was reduced a bit when the "independents" merged.

The Big Three in the industry, however, probably faced more competition because of the mergers. So the decision was to let the "smalls" merge.

Congress intends to look into the merger trend, too. Senate Judiciary Committee plans a full-blown inquiry, beginning June 1.

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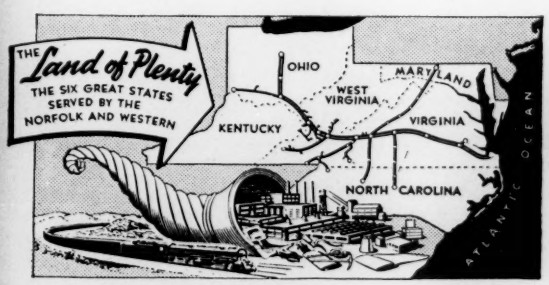

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From Dulles, Knowland, Ike

THREE LEADERS SIZE UP RUSSIA'S LATEST MOVES

You get a look, in what follows, at just how President Eisenhower, Secretary Dulles and the Republican Leader of the Senate look at recent actions by Russia.

Mr. Dulles, returning from Europe and reporting to the President on TV, views events of the past few weeks as "a turning in the tide of history."

William F. Knowland, the Senate's Republican Leader, analyzes recent Soviet moves, instead, as a trick and a thinly veiled step toward "neutralizing" West Germany.

Mr. Eisenhower, in his press conference, replies that U. S. is not falling into an appeasement trap and cannot ignore this or any chance to establish peace.

DULLES: "A TURNING IN THE TIDE OF HISTORY"

Following, as released by the White House, is full text of the transcript of the television report to the President by Secretary of State John Foster Dulles in the executive office of the President, May 17, 1955:

Those present:

THE PRESIDENT
THE SECRETARY OF STATE
THE VICE PRESIDENT
THE SECRETARY OF THE TREASURY
HON. HAROLD STASSEN
HON. HERBERT HOOVER, JR.
THE SECRETARY OF DEFENSE
HON. HENRY CABOT LODGE, JR.
HON. NELSON ROCKEFELLER

The President: Foster, it is good to have you here to tell us something of the significant events that took place during your recent visit to Europe. You realize that through the cameras in this room your report will go to the entire nation. And so I hope that in addition to the details of that trip, you will tell us something about the developing scene in the international field as you see it, and something of the prospects for real progress in our incessant search for peace.

Mr. Dulles: Well, Mr. President, I am delighted to have a chance to report to you and to my Cabinet associates, and, as you say, the American people, on what took place, particularly during this last week, a week so crowded with events that I hardly know how to start. But you might—

The President: Well, I will tell you, Foster, I think that it might be well to go clear back to two years ago. Then you will remember with our colleagues in the Legislative Branch of both parties the Administration was developing the policies intended to produce, and basic to that policy was the belief—the conviction—that only through cooperative strength developed in the free world could we really face up to this threat that the communist dictatorship posed to all free men. We believed, as you know, that until Western Europe had been united, until there were some German forces joining the NATO organization, and until we had some confidence in the Russian word through deeds rather than mere protestation, that it would do little good to have talks with them. And you will realize that you and I finally decided that I should make some pronouncement along this line, and did so, on April 16 of 1953.

Now we agreed at that time that if we could, through the kind of steps I have just mentioned, arrive at the point where we had a real basis for going ahead, even if only with faint hope of real progress, that we might finally develop between ourselves and with the Soviets a new relationship that would at least allow some hope of progress toward this great goal of peace that is of course the great dream of every American.

So, against that kind of backdrop, I think you could relate the events of recent times and on your—just your recent trip to Europe, to tell us about the story as you see it.

Mr. Dulles: Well, Mr. President, I certainly remember that speech that you refer to. It has been a kind of bible for us in the State Department in the two years and some months that have elapsed since then.

What happened last week is to a very large extent a coming true of the things that we hoped for and planned at that time. And indeed I think now one can say that what happened may really mark a turning in the tide of history.

The first thing—the thing that you talked about at that time as of utmost importance—was this consolidation of Western Europe and the bringing into NATO [North Atlantic Treaty Organization] of the Federal Republic of Germany as a free and independent, sovereign state. Well, you recall, and probably some of the television audience will recall, because I reported on it at the Cabinet meeting, you remember, last October, we sent up at that time the treaties that were to bring this to pass.

But, as we have learned through hard experience, there is quite a lot of difference, sometimes, between signing treaties and having treaties ratified and come into force. And in this case there was a terrific battle to bring about, of course, the

. . . Dulles: "In Europe, in Asia, we are defending freedom"

coming into being of those treaties. And it was a hard battle because the Soviet Union went all-out with everything it had to prevent those ratifications, and we had to get ratifications in fifteen countries. Many of them had to act through two legislative bodies. And if any one had slipped up, the whole scheme would have collapsed.

And the Soviet Union threatened, and it promised, and it used the communist party machinery in these different countries to threaten anybody who voted for these things—they would never be re-elected again; and that was a pretty tough battle, which was won by the forces of freedom and it involved the greatest diplomatic defeat that the Soviet Union has suffered, I would say, certainly since the war.

And the treaties came into force—12 days ago, exactly. Instruments of ratification were deposited. A week ago Monday we met together in Paris to mark the actual coming into being of what had then been planned—the meeting of the Western European Union, and the meeting of NATO into which Germany walked—in the presence of their great Chancellor Adenauer, whom you know so well and we all admire so much—walked into that room. And it was a very significant and historic occasion. We all had little speeches prepared which we made when Adenauer came in, and then when we had finished, Adenauer himself spoke with great dignity and statesmanship. And when we had finished, the NATO Ministers or Council—I think for the first time in history—burst into applause. It is a pretty stuffy and formalistic body, and it was not—let us say, I think the first time it ever happened.

But there was a sense of a great event as the free German Republic took its place there. And when you saw—because, you see, F and G come together in the alphabet—France and Germany sat side by side, and you saw these two countries sitting there side by side as allies, and you felt that a new page had been opened on European history, and that the vision which so many people have had for so many years of a united Europe had actually started to come to pass.

This Western civilization, you know, almost committed suicide with its incessant wars of the last hundred years and more—and it bled itself in man and treasure. But I think now the thing has been put together in such a way that Western civilization took a new lease on life and is going to add strength and vigor for itself and for the benefit of all humanity.

That was the thing we saw happening in Europe. As you said, this unity of purpose and action we had to have; now I think that is an accomplished fact.

Now I was in Europe and we dealt mostly with European problems, but I never forgot the fact that we have got Asian problems as well as European problems, and I took advantage of this NATO Council to talk a bit to them about our Asian problems, because there is a considerable failure to understand the motivation of our Asian policies. And I said to these Ministers there, I said to them, if you like the United States and you see it manifested in Europe, you should understand what we are doing in Asia, because we are doing precisely the same thing in Asia that we want to do here. What are we doing? We are defending freedom where there are free men who want to defend their own freedom. We believe in collective security to help them do that. We believe in being loyal to our friends and allies. And I said you seem to like those policies when you find them in Europe, and you ought also to recognize that those are the same

—USN&WR Photo

REPORT TO THE NATION: Seated (clockwise, left to right): Nelson Rockefeller, Henry Cabot Lodge, Jr., Defense Secretary Wilson, Secretary of State Dulles, the President, Vice President Nixon, Treasury Secretary Humphrey, Harold Stassen, Herbert Hoover, Jr. Television technicians, secret service men and White House staff members are at left.

. . . Dulles: "In eight years, 379 meetings on Austrian Treaty"

policies motivating us in Asia, because, I said, we don't have a double personality, we are just one nation, and the reason we are acting this way in Europe is because we really believe in these things, and if we believe in them we are going to act the same way in Asia.

The President: That is a wonderful way to tell them.

Viet Nam Government No "Puppet"

Mr. Dulles: I think they began to understand, perhaps, for the first time, what was back of our Asian policies. And then I took the opportunity to talk a good deal with the French Prime Minister, Edgar Faure, and the Foreign Minister, Monsieur Pinay, about the situation in Indo-China. And the British Foreign Minister, Harold Macmillan, sat in on some of our talks. And it was hard to get that in. Our days were busy. We mostly met at night. We had three or four meetings at night that lasted until one o'clock or more in the morning.

And the main point I made there was that we had to accept the fact that Viet Nam is now a free nation—at least the southern half of it is—and it has not got a puppet government, it has not got a government that we can give orders to, and tell what we want it to do, or we want it to refrain from doing. If it was that kind of government, we wouldn't be justified in supporting it,—

The President: That's right.

Mr. Dulles: —because that kind of government is not going to last there. You can only hold free Viet Nam with a government that is nationalistic and has a purpose of its own and responsive to the will of its own people, and doesn't take orders from anybody outside, whether it be from Paris—or Cannes for that matter—or from Washington. And that we have got to coordinate our policies to the acceptance of the fact that it is really a free and independent country.

And we talked that over in its various implications and ramifications, hour after hour, during almost every day for the four days I was in Paris. And I think we came to a better understanding that there is more chance of coordination of French policies with ours along sound lines than has been the case heretofore. The government of Diem, which seemed to be almost on the ropes a few weeks ago, I think is re-established with strength. It has been through a hard experience and I think it is going to have more support, within and without, than it has had before. And I look to that situation with more hope than we have had before. And it is a by-product of this trip which was designed primarily for European matters. We did, I think, make a considerable accomplishment in relation both to our China policy and relation to Viet Nam.

Well, then, I came on to what was in a sense the high spot of the trip, I suppose, which was the signing of the Austrian treaty. Well, that is something that the United States has been working for for a long, long time. I myself first started to work on it in Moscow in 1947, where I went as adviser to George Marshall who was the Secretary of State. And they tell me—Mr. Hoover gave me the figures just a minute or two ago, he dug up in the State Department—that during these eight years, we have had no less than 379, I think it was, Herbert, 379 meetings at one level or another with the Soviet representatives about this Austrian treaty. And oftentimes we would be just so close to getting it through that we would think we were just around the corner; but the corner seemed to be an interminable series of corners.

The President: It proves in this business you must not be easily discouraged.

Mr. Dulles: Well, we just kept sticking to it,—

The President: Yes.

Mr. Dulles: —and all of a sudden—well, the heart of the difficulty was that the Soviet Union just couldn't bring themselves to take their Red Army troops out of their zone of Austria; and last year at the Berlin meeting we had agreed on all the terms of the treaty substantially except that at the last the Soviets said, well, we will sign the treaty but with the understanding we can keep our troops on in there indefinitely. Well, of course, that would have been no effective treaty at all. So we turned it down, and we just kept on.

And the Austrian people, incidentally, kept their nerve in a wonderful way in this affair, and they never caved at all. For they knew their independence would not be worth anything if the Red Army was still around.

And all of a sudden, a few weeks ago, out of the blue, came this announcement that the Russians were willing to take their troops out of Austria. And I don't think anybody yet knows fully just the significance—the full significance of that. It is just one of these breaks that come, if you keep on steadily, steadily, keeping the pressure on. And all of a sudden you get a break—and this break came. And it seemed to make possible, after all these long years of work, the consummation of this Austrian state treaty.

Now there were several features of the treaty that were still unsettled and where we wanted to get some improvements. And we got the Ambassadors at work in Vienna, while I was in Paris, working on the final details of the treaties, and there were some features, particularly about the economic clauses, which we were very anxious to get changed, and the Russians were very sticky about them.

Well, I said I would not go to Vienna until this thing was all closed up in a way I thought was reasonably satisfactory to the United States. So I planned—you gave me your plane, and it was a delightful—that part of it was pretty nice—but I was going to take it on Thursday to go to Vienna, and I just wouldn't go. So we just postponed our plans. And I said I wasn't going to go to Vienna until the Ambassadors had agreed on this treaty in its final form because I felt once I got there in Vienna I would be hooked. So I just put it off. And then on Friday everything was closed up and I got the word that they had agreed. And so on Friday afternoon I flew down to Vienna. And on Saturday we had a five-power meeting; that is, the four occupying powers and the Austrians, at which we perfected the arrangement of protocol and the like for the carrying out of the treaty signature on Sunday.

How Austrians Celebrated Treaty

And then we had the actual signature of the treaty on Sunday, about 11 o'clock I think it was. And that was a real occasion which those who saw it I think will never forget: the tremendous joy of the Austrian people who had waited —because really their occupation goes back to the Hitler time—

The President: Yes.

Mr. Dulles: —in 1938—17 years—been waiting for liberation. And the thing that particularly struck me as I go through the streets was the joy on the part of the older people, particularly the older people who had known the liberties of the past,—

The President: Yes.

Mr. Dulles: —and had lived through these 17 years of occupation, now at last saw their liberation apparently at

. . . Dulles: "We find an apparent softening of Soviet policy"

hand. And the older people just jumping up and down with joy—wrinkled faces—it just made your heart feel warm at the thought that we had been able to make some contribution to this spirit of joy which animated the whole Austrian people, particularly those that were in the Soviet zone of occupation.

Now a lot of people are trying to find mysterious reasons why the Soviets changed their policy, and that is something that of course deserves the very careful thought that we are giving it. As you know, Mr. President, we are studying all this very, very carefully, to discover the implications of it. But there are certainly implications of it that we can be quite sure of, as far as we ourselves are concerned, and which I think we can take great satisfaction from. In the first place, it marks the first time that the Red Armies will have turned their face in the other direction and gone back, since 1945, when you were over there effecting the liberation of Europe from our side, and they had moved in from the other side, as you know.

Joy at Freedom Is "Contagious"

This is the first time a segment of the Red Army will have turned around and started to go back. Now that is bound to have a tremendous impact in the other countries where the Red Armies are in occupation. It is going to create a desire—a mounting desire—on the part of those people to get the same freedom from that type of occupation that the Austrians have got. And furthermore, this joy at their freedom which was so manifest by the Austrian people, that is going to be contagious and it is going to spread, surely, through the neighboring countries.

Czechoslovakia. For the first time there will be an open door to freedom on the part of Hungary. These things are bound to have an effect. And the Soviet Union, of course, they know they are going to have an effect. They thought about these things long ago. When they drew their zone of occupation in Austria, you remember, they drew it in a queer line, so as to be sure that they would block the borders to Czechoslovakia and to Hungary—

The President: That's right—that's right.

Mr. Dulles: Now they are giving that up. They know that there are going to be implications there, and that the peoples of these satellite countries are going to want to be getting for themselves the thing that they see the Austrians get. They want to dance in the streets with joy, too, sometime.

The Soviets are accepting those consequences. Why they are doing it, we are not quite sure. Except that we can be quite certain that the policies of strength and firmness that we are adopting, in partnership with the other free countries of Europe, are beginning to pay off. And the people of Austria are the first to say—and all of them did say to me—this is the first dividend from the creation of Western European unity and the bringing of Germany into NATO.

And now at the time when that was under debate, the Soviet Union were threatening terrible things would happen if we went through with this. But we and the other free countries of Europe did go through with it. And we find that the pay-off is not the terrible disaster, but for the first time an apparent softening of the Soviet policy a willingness to give greater freedom and liberty to the captive satellite peoples. So I think we can say that those policies are actually beginning to pay off—the policy of strength and firmness, and the standard of moral principle.

I said to a group I was talking to in Vienna Sunday, I said it is not so much to speculate, really, as to who is winning, whether the Soviet Union is winning or the United States is winning. I said the important thing is that sound principles have won. And in the long run these high moral principles—

The President: That's right.

Mr. Dulles: —are going to be what are going to prevail if we are behind them then we will automatically get the benefit prevailing. But that is the important thing to bear in mind, that we had been standing, I think, for good, sound moral principle—with firmness, determination, with strength in the right; and if you do that long enough without weakening, the thing is going to come your way. And I think from that standpoint that time is working for us—as long as we work on these great moral principles.

Now I am going to turn to the thing that I know most people are most interested in, and I guess you have a special interest in, and that is—

The President: The four-power talks.

Mr. Dulles: The four-power talks, because this time, if they come off, you will be in them yourself. Now you said, Mr. President, in recalling what had happened, what you said in your speech of April 1953, that it has always been your resolution not to get yourself into any talks of that sort until and unless certain things had happened, things that made in a sense untouchable the solidity—irreversible—the solidity of the West, the freedom of Western Germany as a member of the North Atlantic Treaty Council, and some deeds by the Soviet Union in replacement of just these vague words that they had been talking.

Well, these things have happened, so you felt—as indeed did our allies and a great volume of world opinion feel—that the time had come, perhaps, for a further testing of the Soviet Union through a meeting at the level of the heads of government.

Now, nobody knows better than you that such a meeting has dangers as well as—

The President: Yes.

Mr. Dulles: —opportunities. And the biggest danger of all is the danger that hopes will be raised so high that they can't possibly be realized. And, then, two things will happen, either there will be an open disillusionment and a feeling of dismay on the part of the people, and a feeling that after all nothing can be done, and that the only alternative is war, because the last good chance will have been tried and failed; or, then, there is the possibility that in an effort to avoid that danger that the heads of government meeting might arrive at a sort of an appearance of agreement, under ambiguous words where there was no real agreement. And I also—

"There Is Greater Maturity"

The President: Foster, I don't believe that danger is quite so great as it was once, because my mail shows this: that the American people are really pretty well aware of what is going on. They realize this is merely a beginning and not an end. I have taken tremendous hope—

Mr. Dulles: Yes.

The President: —and confidence from the tenor of the remarks I have seen in our newspapers, and commentators, and everybody else—I am sure that there is greater maturity than we would have expected several years ago.

Mr. Dulles: I do think the American people have become pretty sophisticated on this matter,—

The President: Yes.

Mr. Dulles: —and they are not easily going to be fooled. I don't think they are going to get their—

The President: Yes.

. . . Dulles: "I don't think the Soviets have got religion"

Mr. Dulles: —expectations too high. There is, perhaps, rather more danger in some of the other countries than there is in the United States.

The President: Yes.

Mr. Dulles: But you and I worked out the form of invitation to this meeting, in agreement with our allies, in a way which I think makes it crystal clear that that danger will not be incurred. Because, as you recall, the definition of the purpose is that we are to meet to try to find new paths, a new approach, new procedures, for solving some of these problems—

The President: That's right.

Mr. Dulles: —and you will not attempt yourself to solve them. Now the heads of government, great as they are, are not going to be able to get together for three or four days, and find a substantial solution for some of these problems that have defied solution for so many years, or even for so many generations.

The President: They couldn't even build Rome in one day.

Mr. Dulles: But therefore I think it is quite important to keep it clear, as the invitation did, that it is just for that purpose.

The President: Yes.

Mr. Dulles: Now we weren't at all sure that the Soviet would accept that limited meeting. But I went to dinner in Vienna Saturday night, which was attended by the British and French Foreign Ministers and also by Mr. Molotov who is the Soviet Foreign Minister. And we sat around after dinner for several hours talking about this whole business, the philosophy of the approach, the limited scope that the meeting would have, and, so far as I could judge, the Soviet Union accepted it, at least they said they did, and that would be on the record. Other details we have not worked out yet. But on the whole, it looks as though the kind of meeting that you are willing to have will also be the kind of meeting that they will be willing to have. And I think that will be a meeting which can be held safely, without running these great risks, and which may open up new opportunity.

Now, everybody wonders why the Soviets may be willing to change their practices. And I have thought about it quite a lot. Nobody can be sure. But I thought of this, Mr. President, that in every one of our well-ordered communities there are a lot of people who don't believe in their hearts in the rules and the laws that are there, but they find it more convenient to conform and not always to be bucking these things; therefore, in any well-ordered community there are a lot of people who live up to the rules and the ordinances, and so on, even though they don't, perhaps, believe in them for themselves.

And it may possibly be the case that the Soviet Union after this experience of trying to buck everything, may be feeling that it may be more convenient for them to conform to some of the rules and practices of a civilized community.

I don't think for a minute that they have got religion, or have been converted, but it just may be, as a practical matter, they may think they can get along better by conforming to some of these rules and practices which normally govern—

The President: Yes.

Mr. Dulles: —a civilized community. And I think that is a possibility which is at least worth exploring and that this meeting will give a further chance to explore it. And it may at least set up new processes for a solution of some of these great problems—problems like the unification of Germany, the problem of levels of armament, the problem of atomic weapons, the problem of the satellite countries, the problems created by international communism, which is such a pest around the world. If we can begin to think about how those problems can be solved, by a new spirit and a new purpose to their solution, then I think that something of good can come out of this meeting. And I just do feel that we can face the future with new confidence, because these policies that we have adhered to, which have involved sacrifice, been supported by the American people on a bipartisan basis, they are beginning to pay off. And I think if we stick to those policies, we are going to be all right.

The danger is that we relax and think that these policies have served their purpose, therefore let's switch to something different.

The proper thing is, these policies work, therefore let's stick to them. If we do that, then I think we can face the future with new confidence.

The President: In a word, we want to stay strong and will stay vigilant, but we are not going to extinguish the hope that a new dawn may be coming, even if it rises—the sun rises very, very slowly.

Thank you very much, Foster. It has been a real privilege to hear such a brilliant report on a very significant two weeks.

Mr. Dulles: Well, it has been a great opportunity for me, Mr. President, to have this chance to tell you these things.

KNOWLAND: "THE SOVIET PROPOSAL IS A FRAUD"

Following is the full text of a speech by William F. Knowland, Republican Floor Leader of the Senate, to the Cleveland Engineering Society in Cleveland, Ohio, on May 16:

Secretary of State Dulles has returned from Europe with a report of substantial progress of the free world as a result of recent conferences he attended. There have also been active and continuing Communist countermoves.

During the two years this Administration has been in power, much has been accomplished toward building an effective collective-security system in Asia and in strengthening the defense of Europe.

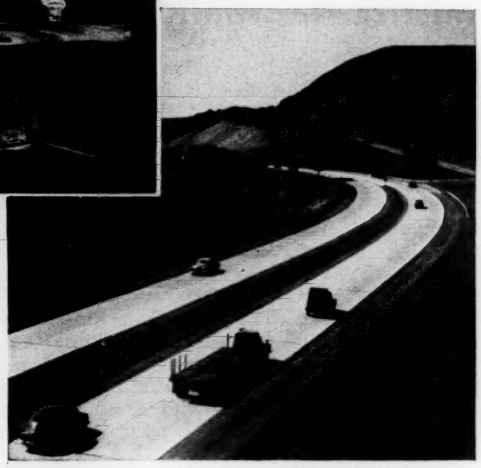
On Jan. 26, 1954, the Korean Mutual Defense Pact was added to the already existing Philippine, Japanese and ANZUS —Australia-New Zealand-United States—pacts which were ratified in 1952. This year the gap was filled by ratification of the Southeast Asian Pact at Manila and by the Mutual Defense Pact with the Republic of China.

The effort of the Soviet Union will be the neutralization of Austria—already accomplished—and the same status for Yugoslavia, Germany, Norway and Denmark.

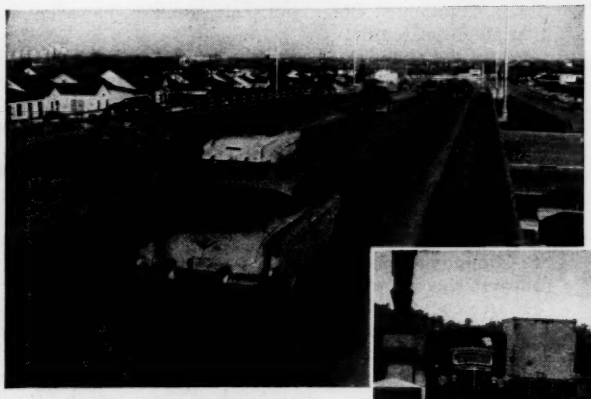
The Soviet Union in order to gain the neutralization of Austria was willing to pay the price of having Soviet forces removed from that country simultaneously with the removal of United States, British and French forces. The people of Austria are pleased to be free of Soviet occupation even though they recognize their proximity to Communist-satellite territory.

It appears that the Soviet Union intends to avoid the treaty requirement to get their "line of communication" forces out

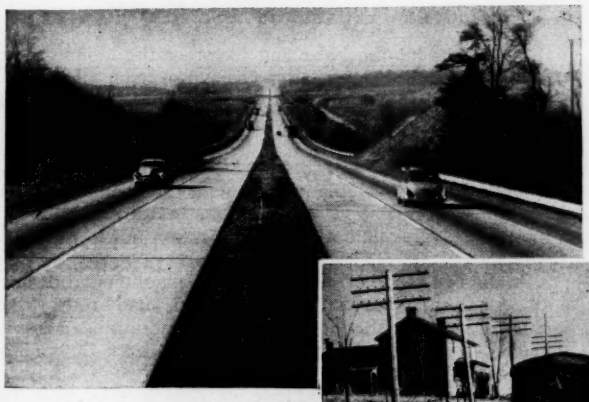
(Continued on page 104)



Sharp, blind turns and "S" curves are killers. Engineers eliminate such hazards by designing modern roads like the one at the right with broad, sweeping curves that the driver can negotiate safely without slowing down.



Narrow bridges (right) are dangerous. Today engineers design bridges wide enough for expected traffic (above).



Inadequate sight distances such as at the right invite disaster. Modern highways need the built-in safety of long sight distances. Engineers eliminated blind spots in designing the highway above.

The Highway *Engineer*

Is Solving America's Highway Crisis

America has outgrown its highways. There are 58 million vehicles jammed onto a road system designed for half that number. No one foresaw the tremendous increase in weight, volume and speed of traffic—developments that make yesterday's good roads congested and hazardous for today's traffic.

That so many of the concrete roads built in the '20s—and even earlier—are still serving is a tribute to engineering foresight and the durability of the pavement.

Now a new generation of highway engineers faces the gigantic task of redesigning and rebuilding the nation's roads. Behind the men who'll meet this challenge are years of scientific research and engineering analysis—the teamwork of engineers and scientists in colleges, government, the Portland Cement Association and other organizations. This cooperation has produced the knowledge and skills to build safer and more durable concrete roads than ever before.

In the next 10 years billions of dollars will be invested in a nation-wide highway improvement program now being planned. Needing attention first are 40,000 miles of roads designated by Congress as the Interstate Highway System. Only about 1% of the country's road mileage, this network carries 20% of the rural traffic and connects most of the nation's large cities. These routes are America's lifelines. Over them flow goods and services essential to the national welfare and defense.

In redesigning and rebuilding the Interstate Highway System the highway engineer's goal will be safe, economical roads. Using ***low-annual-cost*** concrete, the safety pavement, will help him achieve this goal.

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A national organization to improve and extend the uses of portland cement and concrete . . . through scientific research and engineering field work

. . . Knowland: "Korean armistice flagrantly violated by Reds"

of Rumania and Hungary once the Austrian Treaty has been signed by the simple expedient of having incorporated those countries into an "Eastern Alliance" as an offset to NATO [North Atlantic Treaty Organization].

Late this month, Khrushchev and Bulganin will go to Belgrade. Their effort will be directed, I believe, toward the full neutralization of Yugoslavia. That country has never been a member of NATO, but it has had a Balkan Defense Pact with Greece and Turkey, which are members of the North Atlantic Alliance. If the Soviet Union could pull Yugoslavia away from this pact, it would free Communist divisions from duty opposite the Yugoslavian frontier and make them available for other missions.

Soviet Union's "Grand Design"

These two moves are only in preparation for the grand design of keeping Germany out of the Western defense grouping. This would be considered a major Soviet victory, if accomplished. They are in a position to offer the withdrawal of Soviet forces from Eastern Germany if United States forces will move back to the United States. The Austrian example was and is expected to encourage Western Germany to follow the same example.

Soon we may expect a major Soviet diplomatic move to make a completely neutralized Scandinavian bloc. Sweden and Finland are not members of NATO, while Norway and Denmark are allied with the West. If they could be induced to pull out it would weaken NATO—from a morale, if not a military viewpoint—and be considered a diplomatic coup to the credit of the Soviet Union.

These moves by the Communist world and our counter-efforts will occupy much public attention during the balance of 1955, which may turn out to be one of the most decisive dates in world history.

Last Wednesday the Soviet Union proposed three United Nations resolutions as part of their effort to retain the initiative in carrying out their long-term policies.

When the veneer of propaganda is removed and the customary Communist technique of using words to confuse and obstruct rather than to clarify and expedite is taken into consideration, the Soviet proposal is a fraud.

Their so-called disarmament proposal would:

1. Destroy freedom of the press, radio, speech and public discussion in the free nations of the world relating to warning the public against the homicidal mania of Communism against human freedom. It would gag the opponents of Communism in the free world as they have been gagged behind the Iron Curtain. Since the Communist totalitarian governments already have complete control over such media of public information, they have nothing to lose.

2. It claims a success for the Korean and Geneva armistice agreements, both of which have been flagrantly violated by the Chinese Communists. In Korea there is still a divided country despite pledges of 10 years ago, in which the Soviet Union joined, that it would be united and free. In Vietnam, the Geneva Conference turned over half of the country and 15 million people to the Communists. This is their standard of a "successful" conference.

3. The proposals provide for "the immediate withdrawal" of United States forces in Germany back across the Atlantic to the United States, approximately 3,600 miles, whereas if the Soviet Union lived up to their agreement—it would be the first time in a quarter of a century that they would have—their forces would only be approximately 600 miles from the Elbe.

Such a withdrawal would also contemplate two Germanys, like divided Korea and Vietnam, each with its own "police force." It would also require the withdrawal of the Republic of Germany from the Western NATO defense alliance.

4. Under the proposal our overseas bases would have to be dismantled as a "requisite for discontinuing the arms race." We would trade a bird in hand for several in flight!

5. It contemplates that our industrial and scientific atomic know-how will be made available on an "extensive" basis to all Communist countries.

6. The proposal would result in yielding to Chinese Communist demands for Quemoy, Matsu, Formosa, the Pescadores, Chinese Communist membership in the United Nations and removal of the provocative Seventh Fleet from the Far East, all of which contribute in Communist eyes to "the existing tense situation in certain areas of the Far East."

7. It would eliminate all trade restrictions with the Soviet Union, Communist China and their satellites, including trade in strategic materials.

8. All the above steps are to be carried out prior to getting down to the problems of an effective disarmament with adequate safeguards against Soviet deception.

During 1956, according to the Security Council resolution, the nations "agree not to increase their armed forces and conventional armaments above the level of armaments and armed forces on Dec. 31, 1954."

Since the free-world forces as of that date are known and the Communist forces are not, it sets as the starting point for future moves a topheavy Communist base.

In free countries the limitations on forces and appropriations is subject to debate and vote in Parliament and Congress and can be readily checked now.

In the Communist world this is not the case, and we would have to rely on their "official figures" one month after the convention entered into force.

Unless and until Communist China becomes a "permanent member of the Security Council," the proposal is not meant to be effective.

Atomic Weapons vs. Red Power

Since without the balancing factor of the atomic weapon Communist power could already have overrun all of Europe and Asia, any limitation upon our development of this weapon and the testing of the same works to Communist advantage.

This is covered by the Soviet language in paragraph 5, wherein it states "simultaneously with the commencement of measures for reduction of armaments and armed forces . . . the states . . . assume a solemn obligation not to use nuclear weapons."

In the first phase of 1956, we are to abandon and dismantle all our air and naval bases abroad, and return 3,600 miles across the Atlantic and 5,000 or more miles across the Pacific, whereas the Soviet Union pulls back 600 miles at the most.

The production of all atomic weapons is to cease in 1957. Since the location of our atomic plants and facilities are known and the Soviet locations are not known, and there is no adequate inspection system provided, this proposal is all to the advantage of Soviet military supremacy.

The second Assembly resolution makes clear that the

(Continued on page 106)

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. . . Knowland: Reds' long-term concept—"Destroy freedom"

effective inspection proposals of the United States in the atomic and conventional-weapon field is still more acceptable to the Soviet Union.

With apparently no embarrassment, the Soviet proposal then sets up a limited type of inspection and control similar to that established by the terms of the Korean Armistice. Since this system has prevented any real inspection in North Korea, it is understandable why the Soviet Union now advises it in the highly sensitive field of atomic and armament inspection.

The $64 question is: Has the Communist leopard changed its spots and carnivorous appetite and now become a milk-fed pussy cat?

I believe not. They now zag instead of zig, but their long-term strategic concept of the destruction of human freedom remains the same.

One of the most forthright statements of Soviet policy was made in 1930 by Dmitry Z. Manuilsky, in a speech to the international students of the Lenin School of Political Warfare, Moscow:

> "War to the hilt between Communism and capitalism is inevitable. Today, of course, we are not strong enough to attack. Our time will come in 20 or 30 years. To win we shall need the element of surprise. The *bourgeoisie* will have to be put to sleep. So we shall begin by launching the most spectacular peace movement on record. There will be electrifying overtures and unheard-of concessions. The capitalist countries, stupid and decadent, will rejoice to co-operate in their own destruction. They will leap at another chance to be friends. As soon as their guard is down, we shall smash them with our clenched fist."

By coincidence, or otherwise, their present activities fit into this doctrinaire teaching of 25 years ago.

Just recently I had a letter from an Air Force pilot in Formosa. In his letter to me of February 12, this pilot wrote, and I want to share it with you:

> "As an Air Force jet pilot assigned to this island for the next two years, I am sure my interest in lasting world peace is as acute as any American.
>
> "The presence here of my wife and children tends to intensify my natural desire that no one toss any atom or hydrogen bombs this way.
>
> "I am quite convinced that my best chances as well as those of my country and the entire free world rest with the firm "stop the Communist march" movement which you so forcibly represent. I have flown 400 combat missions and would rather fly 400 more than to see my kind of world go down the drain one island or one small country at a time.
>
> "Americans must wake up to the real intentions of Communism and take real and purposeful steps to frustrate those intentions."

This nation was not born nor did it grow to its position of greatness based on a policy of fear, but rather one of faith and courage.

As an American citizen, and as a Senator of the United States, I am convinced that if we will only use the same faith and courage that motivated the men who sat at Philadelphia and, under what I believe to have been divine guidance, gave us first our Declaration of Independence and later our Constitution, there are none of our great domestic problems which we as a free people cannot solve and there is no foreign foe we need ever fear.

IKE: U. S. "IN A BETTER POSITION THAN EVER BEFORE"

Following are extracts from the President's press conference of May 18, with direct quotation of the President's answers authorized by the White House:

Charles E. Shutt, Telenews: Mr. President, in his report to the nation last night, Secretary Dulles favored a cautious approach on the Big Four meeting. Some observers on Capitol Hill feel that that might be too timid an approach. Would you comment, sir?

The President: Well, no, because I can't—I don't quite understand the—I can't understand the question, really.

Of course you are going to be cautious. "Cautious" means to proceed at something no matter how hopefully, with caution for your own, let's say, safety, security or other interests.

Now, as I say, and, as Secretary Dulles said, we are approaching this thing now from a greater position of strength than we ever had before.

We have the Western union—the unity of Western Europe—more nearly assured than before. We are now, by treaty, going to have German forces.

We have the Austrian Treaty completed. We are in a better position than ever before. We are stronger. But that does not mean we will be less vigilant.

Now, I don't mean to say that the search for evidences of good faith and the chances to, let's say, lower the burden of armaments, and to bring about some progress in peace—they won't be any the less intensive. Of course they will. But it does not mean—caution—that you are not going to hunt for peace. It means you are going to look out for yourself.

James B. Reston, *New York Times:* Sir, you told us two weeks ago, I believe, that you were proceeding, or the Government was proceeding, with direct conversations with Communist China about the situation in the Formosa Straits.

Where do we stand on that now?

The President: Proceeding, did you say?

Mr. Reston: Well, I thought—I got the impression that the Government was looking into the possibility of direct negotiations.

The President: Well, I think the Secretary of State announced when—shortly after he came back from Asia, as I recall—that if there were—seemed to be profitable chances for talking on the one subject, that he said, the cease-fire in the Straits, he would be quite ready to do it.

I think there is nothing additional to add since then. I know of nothing that has occurred that would change his readiness or his receptiveness to that idea for that one purpose only. But I do not know of anything else on this day.

Robert E. Clark, International News Service: Mr. President, this is a double Big Four question: Do you think you might visit any other European city, as London and Paris, en route to or from a Big Four conference; and if it were possible, would you like to have Marshal Zhukov [Soviet Defense Minister] present at the Big Four conference?

The President: Well, I hadn't given any thought, Mr. Clark, to either question.

Now, as you know, I have a tremendous number of friends in both those cities, and on a friendly basis I would like to

(Continued on page 108)

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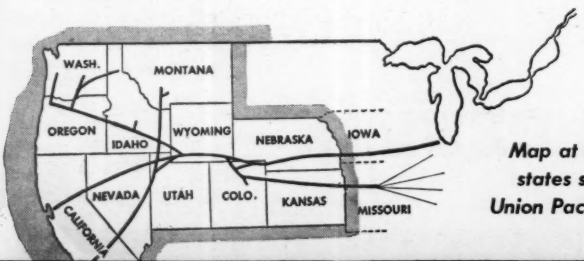

Map at left shows states served by Union Pacific Railroad

UNION PACIFIC RAILROAD

. . . Ike: "Four-power talks would be for exploring"

drop in. But there might be a lot of protocol questions that would make such a visit a very difficult affair.

I couldn't say, to answer your second question, who the Soviets should choose as their—the personnel of their delegation. But if Marshal Zhukov were there, he and I, at least, would have a chance to talk personally and, I think, to talk over events since 1945 among ourselves, and we might just get some item of value out of it; I am not sure.

° ° °

Ray L. Scherer, National Broadcasting Company: Mr. President, can you shed any light on the report that there is a plan for Mr. Nixon to make a good-will trip to Europe, including a possible stop-off in Moscow?

The President: No such plan has been mentioned to me.

Andrew F. Tully, Jr., Scripps-Howard: Mr. President, have you had any correspondence lately with Marshal Zhukov?

The President: No.

Mr. Tully: Do you plan to?

The President: Not at the moment.

° ° °

Walter Kerr, *New York Herald Tribune*: In its recent note to the Soviet Government proposing four-power talks, the United States, like Britain and France, have suggested an exchange of views on the great problems of the day.

I wonder if you would care—either today or perhaps at an early conference to come—if you would care to discuss what you regard as what great problems you had in mind when you approved the text of that note.

What Leaders Would Discuss

The President: Well, I think that Mr. Dulles pointed out last evening that the purpose of this one conference would be to try to discover directions or paths for exploring—for searching, for solutions to these great problems. I think he enumerated some of them, such as the problem of the satellite states, the unification of Germany, the—I forget the adjective he used, but at least the penetration of so many nations supported by the Cominform, the international communistic organization, and he named a few of that kind. And that is the kind of thing, I think, that would probably be mentioned as you search for ways that these should be approached.

Would you set up special groups? Would you turn it over to ordinary diplomatic exchanges or what could you do?

(Continued on page 110)

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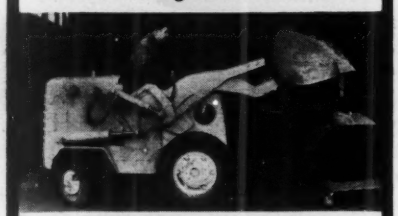

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. . . Ike: "There is no appeasement in my heart"

That is the kind of thing I think would be talked about.

Chalmers M. Roberts, *Washington Post and Times Herald:* Mr. President, last night you used the phrase that you felt there was a greater maturity among the American people now than some time ago when you were discussing the possible—

On U. S. "Maturity"

The President: If I used the word "maturity," I probably meant knowledge or understanding, in that sense.

Some years back, I was struck by the fact that we were probably going to extremes in this thing. It was either black or white. You either had a war right now or peace, that was wonderful, and you would get it.

I believe that people have learned through a dozen attempts, through rebuffs, through the reading in the newspapers and hearing on the television and the radio about the process and progress of these conferences, that you don't expect too much.

But, on the other hand, you don't ignore any chance to reach some agreement that may represent one tiny step toward this great aspiration of men.

Now, all I meant was, I should possibly not have used the word "maturity," but I do mean knowledge and understanding of these facts.

Mr. Roberts: I was wondering, sir, whether that phrase or thought covered this aspect: There have been some people in Congress, including members of your own party, who appear to take the position that even to go to such a conference is an act of appeasement. And I wondered if you felt that that attitude was really not expressive of the American people today.

The President: I don't believe it for a minute—may I be personal? I have met with these people through months, and there is no appeasement in my heart that I know about.

I am not ready, as I understand appeasement is selling out rights, or other people, to gain some fancied immediate end of your own, and I just can't believe that America generally either wants it or I believe that they suspect their Government in general is apt to fall into that trap.

Edward P. Morgan, American Broadcasting Company: Following up Mr. Roberts's question, and referring somewhat to both your and Mr. Dulles's observations last night about maturity and sophistication of American thinking, as reflected in your mail, and so forth, do you think, sir, that we may have to make a rather deep adjustment in our thinking under the light of present developments abroad on such things as East-West trade, and what neutrality for Germany means in both Russian and other terms?

The President: Well, I think this: Certain sectors of our population do—unquestionably will have to make adjustments, because they have not thought these things through.

You can say one thing: Trade is the greatest weapon in the hands of the diplomat.

Now, how he uses it, whether it is in negative fashion or in positive fashion, to gain the legitimate ends of his government, that is great statesmanship and, particularly, international statesmanship.

So, just to adopt a policy and say, "We won't trade," and think that only good will come out of that is, I think, false.

We have to say, "When does trade in what things benefit us most and our friends?"

Remember, we have got friends in this world; this business of trade is a very complicated business. So I would say as long as we are not helping the warmaking powers directly of other people, we should study the question objectively and what it means to us, and not just go by preconception.

° ° °

The "Neutrality Belt"

Henri Pierre, Paris *Le Monde:* Mr. President, would you care to comment about the next visit of the Soviet leaders in Yugoslavia and, generally speaking, about the idea of a neutrality belt of states between the two worlds?

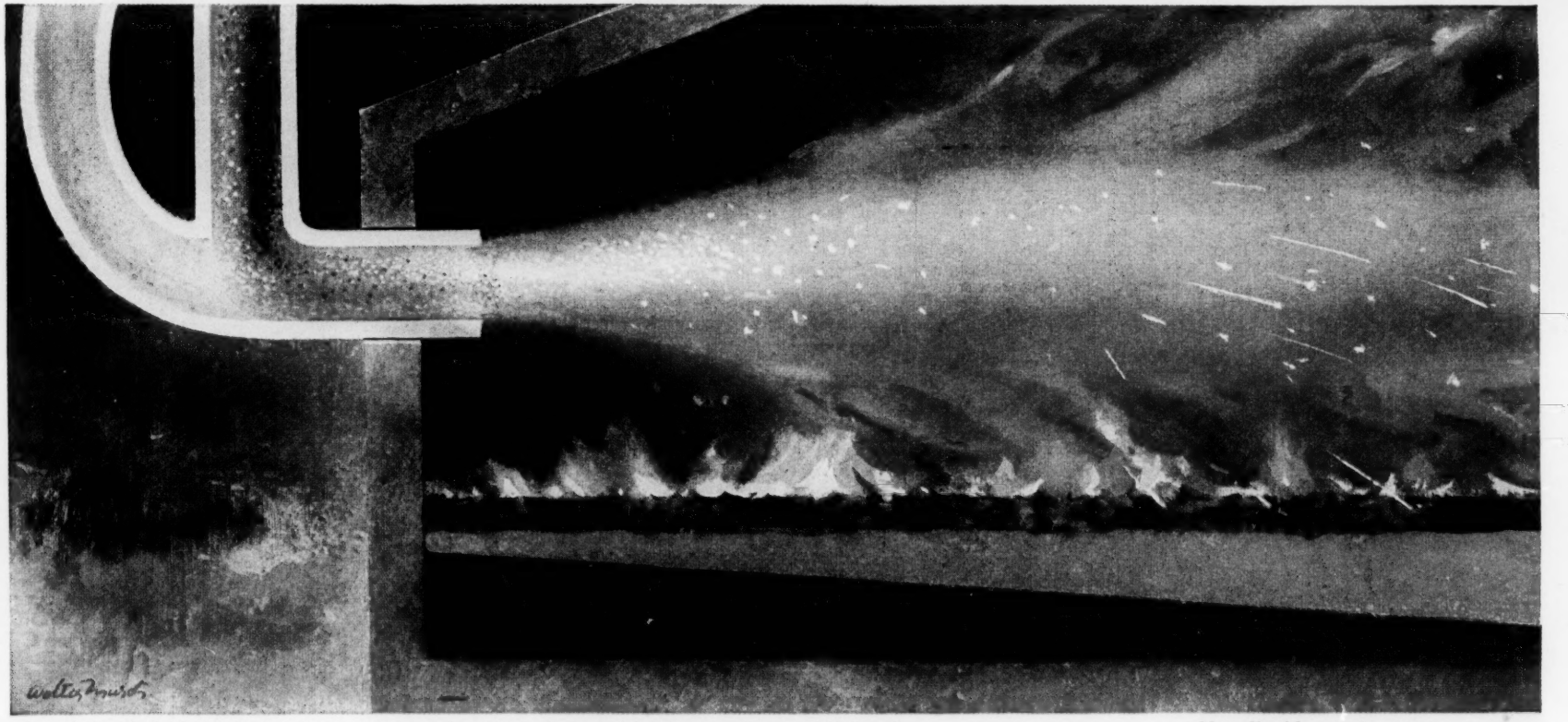
The President: Well, no, I cannot even say what is behind this visit, except, obviously, there is hope of *rapprochement* of some kind, that we don't know the details about at all.

And I do say this: That there seems to be developing the thought that there might be built up a series of neutralized states from north to south through Europe.

Now, remember this: In the agreement of the neutralization of Austria, it does not mean a disarmed Austria. It is not a blank, it is not a military blank. It is on the order of Switzerland.

Switzerland is committed to the sustaining of its own neutrality, and I believe would fight to the death for it.

All right. That kind of a neutrality is a far different thing from just a military vacuum.



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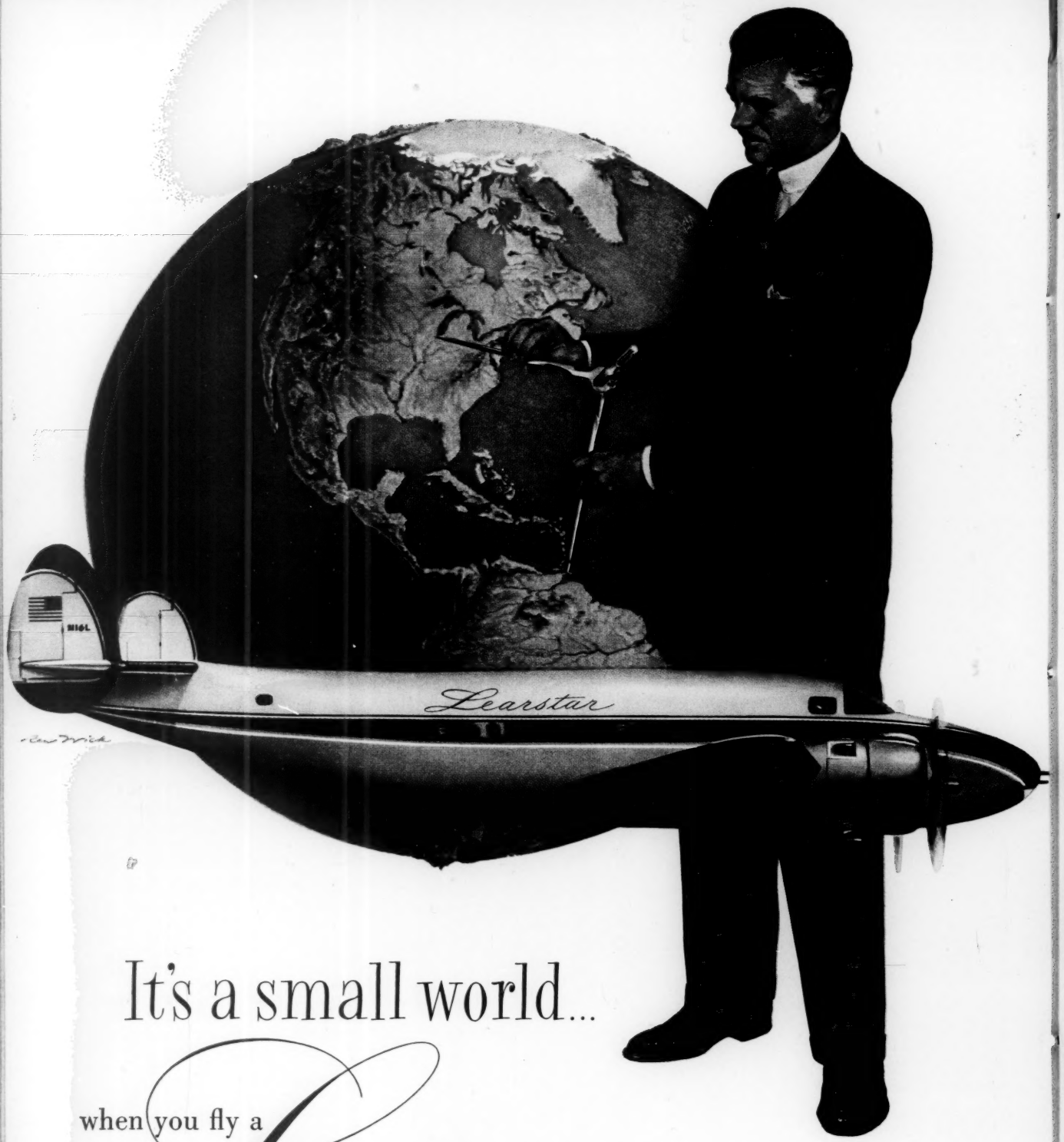

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ANNUAL-WAGE PLANS AT WORK

Who's Covered . . . What's Guaranteed . . . Who Pays

Guaranteed annual wages, a survey shows, are not new, already are in effect in some local industries scattered around the United States.

Patterns now set include a guarantee of 50 weeks' work a year, of 40 hours' pay a week, of company donations to jobless funds.

But plans often skip some workers, contain other "outs."

In all the dispute over a guaranteed annual wage for auto workers, little notice has been taken of annual-wage plans that have been signed and put into operation in a number of other industries recently.

These new plans, with variations in detail, promise year-round employment or year-round pay, along the general line of what is being demanded of the automobile industry.

These wage guarantees can become important to employers and workers in industries where the issue is soon to reach a showdown. Samples of the guarantee plans already in operation:

• In St. Louis, more than 3,000 AFL Teamsters are assured of at least 2,000 hours of straight-time pay each year under contracts with 75 companies in a variety of industries. Production workers, as well as truck drivers and warehouse employes, are included, in some cases. The guarantee amounts to 50 weeks of straight-time pay.

• In several Eastern States, more than 5,000 workers in sugar-refining plants also are guaranteed 2,000 hours' wages for each year, under contracts with the CIO Packinghouse Workers and AFL Longshoremen.

• In New York, a different plan is in effect under an agreement between AFL Electrical Workers and electrical contractors in New York City. Several thousand electricians in the construction industry are covered by the plan, which pays out unemployment benefits of $25 a week on top of anything received from the State unemployment-compensation fund. Employers finance the plan by contributing to a private trust fund a payment of $4 for each day worked by each employe.

• In Chicago, a guarantee plan with a "loan" feature has been written into an agreement between Spiegel, Inc., a mail-order house, and the AFL Teamsters. The plan promises at least 40 hours of pay each week for male employes. Women are guaranteed 36 hours. Workers "repay" the company for any wages given for time not worked under the guarantee. Repayment is through work, and overtime work is credited at time-and-a-half rates. Any hours still owed at the year's end are canceled.

• In many cities, another loan plan is in effect between the RCA Service Company and the AFL Electrical Workers. The plan covers television-maintenance employes in branches operated by the

(Continued on page 114)

THREE "ANNUAL WAGE" PLANS ALREADY IN FORCE

AFL Teamsters and 75 St. Louis firms

Workers guaranteed 2,000 hours of work, or pay, each year. This is the equivalent of 50 weeks of 40 hours each. Pay is in addition to any State unemployment benefits the workers might receive. About 60 per cent of employes covered.

CIO Packinghouse Workers, AFL Longshoremen and sugar-refining plants

Also guarantees 2,000 hours of work, or pay, a year. Payments not reduced by State unemployment benefits. Applies to workers with one year's service.

AFL Electricians and New York contractors

Laid-off workers can collect $25 a week from welfare fund financed by employers — as long as the money holds out in workers' individual "accounts." Employes also can collect State unemployment benefits.

Photos: Black Star, Wide World, USN&WR Source: Bureau of National Affairs, Inc.

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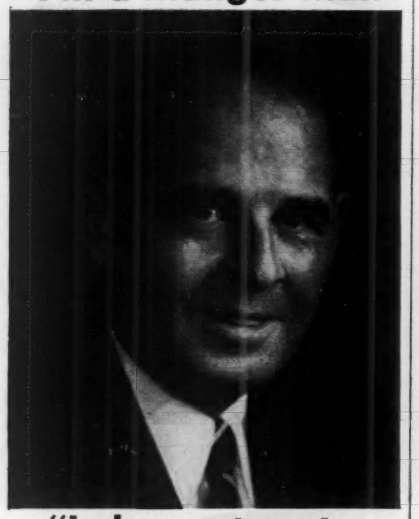
"I'm a Manger Man"



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. . . Teamsters' annual wage strictly a local drive

company in various cities. Workers are assured of 40 hours' pay for any week they are called in to work. This does not prevent the company's laying off employes by giving a week's advance notice. In some cities, the plan calls for repayment of the extra pay given for time not worked. Repayment is arranged through overtime work, or sometimes in cash if the employe leaves the company.

Those are some of the wage-guarantee plans negotiated by employers and unions in the last year or so. The plans are reported in detail in a manual, "The Guaranteed Annual Wage," just published by the Bureau of National Affairs, Inc. This manual also reports on several other guarantee plans, tells how the plans are working, and gives the arguments advanced by employers and unions on the issue of the annual wage.

A "trial run" for Teamsters? Employers having contracts with the Teamsters Union outside of the St. Louis area are wondering if the annual-wage contract won by the union there will become a pattern for the Teamsters elsewhere in the country.

The answer, at present, seems to be no. According to BNA, Teamsters' officials in St. Louis indicated that the decision to seek an annual-wage plan was strictly that of the local union. Harold Gibbons, St. Louis leader for the Teamsters, told the BNA that Dave Beck, national president of the union, "never talked with me about making it a national pattern, or anything of that sort."

Employers in the trucking industry also noted that, after the St. Louis plan was adopted, Teamster locals in other parts of the country did not seek a 2,000-hour guarantee when negotiating new contracts. One Teamster contract provides that certain drivers, if called in for a week's work, will get at least 40 hours' pay that week. Other agreements with Teamster local unions guarantee a weekly wage of $75 to some drivers, but, outside of St. Louis, the union apparently has not been seeking an annual wage as such.

In the St. Louis area, the BNA survey found, the Teamsters had some trouble getting the two first companies to sign up for the annual wage. But, once the union did, it was able to spread the plan fairly rapidly among other area firms. The union argued that a "pattern" had been set by the early signers.

Actually, in the first agreement, the union bargained merely for warehouse employes, which meant that the employer needed to put the annual wage into

(Continued on page 115)

SAFEWAY STORES
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Common and Preferred Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on May 10, 1955, declared the following quarterly dividends:

60¢ per share on the $5.00 par value Common Stock.

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. . . Full pay, State aid too, in St. Louis

effect for only a small proportion of his force. In later agreements, however, the union represented production workers as well, so that costs of the plan became more important to the companies. Most of their employes were covered by any guarantee given.

One of the features of the St. Louis plan that worries other employers is that company payments to laid-off workers are not reduced by the amount the worker collects from the State unemployment-insurance fund. The Auto Union proposal would cut the employer's payment by anything the worker got from the State fund.

The St. Louis contracts also contain no provision for reducing the employer's

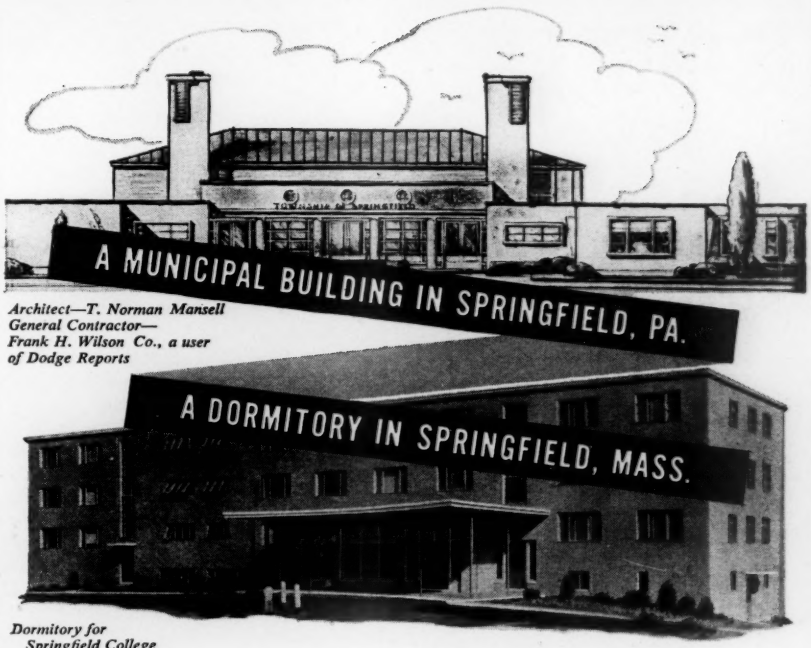
TEAMSTERS' HAROLD GIBBONS
. . . no national pattern?

payments if the worker gets a temporary job while drawing his out-of-work pay from the company. The laid-off worker apparently can pick up extra money while drawing unemployment checks from both the company and State.

On the other hand, employers like the fact that the guarantee applies only to 60 per cent of their employes, leaving them free to lay off 40 per cent when production is cut back. This feature is given credit for helping to "sell" the plan to the employers.

Just how much the plan will cost is not indicated so far, BNA found, because there have been no large-scale layoffs since the plan took effect. Some employers fear that the union, in its next bargaining round, will want to boost the percentage of workers covered. Contracts

(Continued on page 116)



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. . . Sugar companies spread work to save paying the idle

run for five years, although some allow employers to seek changes in the guarantee features sooner.

The union reports that the guarantee plan has resulted in less absenteeism and smaller turnover among employes.

The guarantee, under this Teamster plan, is for at least 50 weeks of work or pay each year. Overtime work does not count toward the guarantee, although overtime rates are paid beyond 40 hours a week. Thus, for a worker putting in 50 hours, only 40 count toward the 2,000-hour guarantee.

Sugar-industry setup. In contrast with the Teamster contracts, some overtime counts toward the annual guarantee in plans now in effect in sugar-refining firms. Thus, if a worker is on the job for eight hours on a Saturday or Sunday, the employer can count this toward the annual guarantee of 2,000 hours. Overtime beyond eight hours in a day can't be counted.

The companies get an exemption for any work time lost when sugar is not available to refine for reasons beyond control of management—as in a strike that cuts off shipments to the mill or a major breakdown of equipment.

The plans in the sugar firms make no attempt to combine the private plans with the State unemployment-insurance systems. The employer gets no deduction in the amount he must pay because of the worker's receipt of unemployment checks. Any temporary income obtained by the laid-off worker also does not reduce the company's payment to him.

Few workers have collected under the sugar-industry plans so far, BNA reports. It also found that work has been divided among the employes as much as possible, and that a considerable amount of "makework" has helped to keep employes on the job. When regular work is not available, employes are switched to painting and clean-up jobs in the plants.

Major sugar refineries along the East Coast, from Baltimore north, have agreed to annual-wage plans, BNA found. Payments that come due are made at the end of the year. Employes with one year's service in a plant qualify for the 2,000-hour guarantee.

A different approach. AFL Electrical Workers in New York City have approached the problem of layoffs as part of a welfare-fund program. A union member covered by the plan has his own account in the fund. It is built up by employer payments, based on the number of days of work performed by each individual. From this fund, the worker collects unemployment pay of $25 a week until his account is used up.

This plan has not prevented laid-off electricians from collecting unemployment checks from the State as well as from the private fund, the survey showed.

A compromise solution. In an electrical-appliance company, union demands for an annual wage brought about a still different settlement recently. The International Resistance Company, of Philadelphia, agreed that, instead of paying a wage increase of 9 cents an hour, it would put equivalent money into a trust fund while officials of the company and of the CIO Electrical Workers try to thresh out details of an annual wage. If a plan is not ready by next April, the money will be paid to the employes, with interest.

'55 Contracts: What They Do

Without waiting for a pattern to be set in steel and autos, many companies and unions are going ahead with their 1955 wage agreements. Examples of recent settlements include:

Glass manufacturers gave a "package" valued at 14 cents an hour to CIO Glass Workers, but deferred for a year a decision on the union's annual-wage demand. Pittsburgh Plate Glass Company and Libby-Owens-Ford agreed to make a study jointly with the union on the question of the annual wage. For now, all workers get a pay raise of 8 cents an hour. An additional increase of 8 cents goes to maintenance employes, with 6 cents above the general raise going to certain other groups.

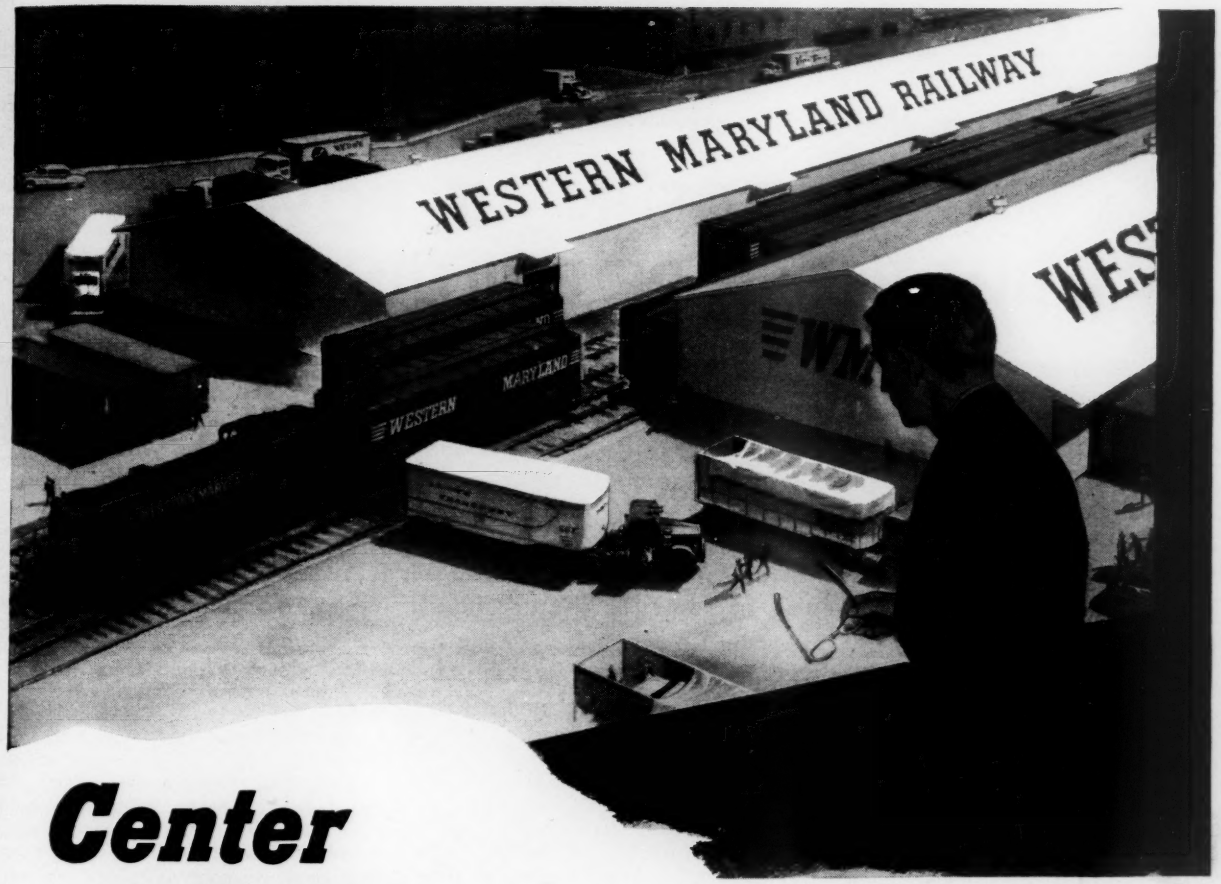
A steel company, Ferro Corporation, granted a raise of 10 cents an hour to CIO Steelworkers, but the union reports that, if U. S. Steel gives a larger increase in next month's negotiations, Ferro employes are to get the difference.

A synthetic-textile firm, American Viscose Corporation, gave a raise of 5 cents an hour to CIO Textile Workers.

A drug concern, Parke, Davis & Company, agreed to a raise of 7 cents an hour for CIO Oil, Chemical and Atomic Workers, with an additional raise, of 6 cents an hour, to be effective next May.

A chemical firm, Monsanto Chemical Company, at St. Louis gave the AFL Chemical Workers an increase of 8.5 cents an hour, with another raise, of 5 cents, to be effective in January.

Paper manufacturers, in various cities, agreed to wage increases ranging from 5 to 10 cents an hour in settlements with AFL unions.



Center of Action...another Western Maryland service that cuts your over-all shipping time

Freight shippers and consignees are delighted with the modern, time-saving facilities now offered by Western Maryland Railway

... at the new Hillen Distributing Center, *right in the heart of Baltimore.*

Now . . . even after our fast freight cars have reached the terminal and stopped rolling, Western Maryland facilities keep your shipments rapidly on the go.

Two brand new concrete and metal warehouses . . . completely free of interior obstructions . . . are now available. They're designed for fast-moving and efficient merchandise handling. And there's plenty of loading and turning room for the largest motor trucks.

Looking for a warehouseman? A pool car distributor? Or just a centrally located spot to unload? They're all here at Hillen Center . . . to answer your local distribution problems.

So . . . in addition to Western Maryland's famous fast service on the road . . . you'll now have extra speed and easier handling *locally,* through the terminal.

That's progress! That's flexibility! That's action! No wonder Western Maryland is known as *The Short Cut for Fast Freight.*

Route your shipment via WM . . . and see!

"Piggy-back" service, too

Speed up your shipments with this completely coordinated door-to-door freight service.

WESTERN MARYLAND RAILWAY – *Short Cut for Fast Freight*

St. Paul Place, Baltimore 2, Md.

Warning From the Air Force—

U.S. LEADS IN AIR POWER BUT REDS ARE BUILDING FAST

The top general of the U. S. Air Force now says this:

• Russia is building great power in the air, offensive as well as defensive.

• Russians now have latest-type planes, and capacity to produce them in large numbers.

• The United States, even so, maintains its lead, has not lost control of the air to Russia.

• A ban on atomic weapons, without real disarmament in all weapons, would mean surrender for U. S., victory for Russia.

These and other points are advanced by Gen. Nathan F. Twining, Air Force Chief of Staff and a member of the Joint Chiefs of Staff.

by Gen. Nathan F. Twining

Chief of Staff, U.S. Air Force

Power and peace are like links in a chain—a chain that cannot be broken if our nation is to survive.

Because power is so important it is necessary that we understand it. It is not military power alone that can prevent world conflict. Nor is it only a matter of weapons. It is a combination of strength and determination. Within this combination, military strength plays a large part. It is our military strength, particularly our power in the air, that has prevented a third World War.

° ° °

The last decade has brought tremendous changes in military weapons. In earlier times, when weapons improved on the order of one or two times in effectiveness, it was enough to change the face of nations and readjust geography. Today we have weapons that have improved in power a million times. The very existence of these weapons makes a great change in world relations. The fact that we were the first to develop these weapons has kept the Western world free.

Although we have used these weapons only twice in combat, there can be no doubt that these weapons are feared by the Communists. Our nuclear weapons and the ability of the United States Air Force to deliver them have put the damper on their visions of world domination.

° ° °

It is our nuclear air power and the unity of our alliances that forced them to talk of peace and cutting arms, and it is nuclear air power and our alliances that have been the target of their propaganda and their political efforts.

If we relinquish these arms, if we falter in attempting to hold the lead over them—or if we lose the strength of unity among our allies—then we throw away our best insurance for peace. For these reasons we must understand the power we have, and the power they have.

No matter how much the people of the world may dislike it, nuclear weapons are here to stay. . . .

This fact, and the emergence of atomic industries does not give cause for fear. Nor does the existence of atomic weapons threaten our security. What does threaten us is this: These weapons are in the hands of immoral leaders bent on world domination—and they are building the means to deliver these weapons anywhere against the free world.

This a'>ility to deliver these weapons is the decisive point. We have had new evidence of this in recent days. Weather interfered with the May Day show in Moscow and they paraded only ground forces and new tanks. But in the many rehearsals over Red Square before May Day and before this year's anniversary of V-E Day, the Soviets gave evidence of their growing might in the air.

The models and numbers of modern jet bombers were impressive. The Reds displayed a new supersonic day fighter in operational numbers and a new all-weather fighter, also in operational numbers. Both of these are significant developments in a defensive force.

But more important, there was evidence that they are developing and producing the planes for a mighty bomber force—an offensive force that could strike us.

Last year they showed a completely new medium bomber. We had expected that they might develop such an aircraft. They showed us enough of them to make us realize that they had not only developed this bomber, they were already producing it in numbers.

This year they showed us something new again. The Soviets turned out an aircraft powered with turboprops. From its appearance it could be a bomber, a refueling tanker, or a long-range reconnaissance plane. Its appearance is additional proof of the growing ability of the Soviet aircraft industry.

The airplane that gives us real reason for concern here in the United States is the Soviet long-range jet heavy bomber. Last year they showed us one. This year, in the rehearsals for May Day, there were flights of more of these new long-range jets—enough that we have to accept a rate of production.

These observations establish a new basis of our estimate

. . . "Our problem is to stay ahead"

of Soviet production of the heavy jet bomber and of the medium bomber. This knowledge is evidence of the modern technology of the Soviet aircraft industry and the advances which are being made by them. We must continue to be on the alert and maintain our own forces to insure the lead over the Soviets that we have.

We are producing jet bombers of our own—the B-52. We have a lot of experience in building big bombers, but it looks as though the Soviets are improving in production.

This isn't the first time the Soviets have upset the timetable. For example: We thought they could not duplicate our B-29 in less than six or seven years. They duplicated it in two years.

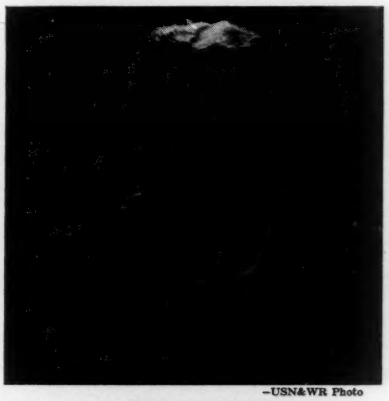
We thought they would have difficulty in making a good copy of the British jet engine. They produced a better one in less than a year.

Some experts thought they could not produce an atomic bomb in less than six to 10 years—if at all. They rocked the world with a surprise explosion in about three years. This was about the same time it took the United States to produce the first atomic weapon.

They do have the ability to produce nuclear weapons and first-class aircraft to carry them.

On our side we have large stocks of weapons and a first-rate Air Force. What happens when the Soviets reach the stage when they have enough bombs to create great destruction in the United States and the remainder of the free world?

There have been many theories. One theory that has become popular is that when the Soviets have a certain number of weapons and aircraft we arrive at a condition of stalemate. Nuclear stalemate or atomic stalemate have been the terms used to describe this situation.



—USN&WR Photo

GENERAL TWINING

Before anyone accepts this "stalemate" theory he should consider some facts of history. For many years there has been enough TNT in the world to kill everybody in it. For hundreds of years there have been sufficient weapons for each side to completely destroy the other. And if any war had been fought endlessly, that is what would have happened.

It is also a fact of history that no nation has ever endured the destruction that our Air Force can deliver in a matter of days. No nation in history has ever taken one tenth as much without surrendering.

There is nothing in history to indicate that stalemate is possible. When great stocks of weapons are achieved, the ability to deliver them effectively then becomes the decisive factor. The offensive ability and the defensive capacity of both sides come into the picture. These are changing constantly. In a changing situation like this, how can stalemate occur?

Under these conditions our problem is to stay ahead—to keep the lead.

How much of a lead do we need?

Of course that depends upon our objective. It is not the objective of our national policy only to defeat an enemy if he attacks us. This means our lead must be so substantial that it reaches the minds of men in the Kremlin—and convinces even those power-hungry leaders that it would be futile to resort to war.

° ° °

As a result of recent Soviet proposals, disarmament has become a prominent topic. It is not the function of a military leader to render national decisions on this latest Soviet plan to disarm.

It is important, however, to recall the record of proposals and agreements made by the Communists in the past. The Soviets have been talking loudly about disarmament since 1948. This date is significant for it also marks the beginning of current growth of Soviet air power. As their talk becomes louder, their Air Force grows faster and larger.

We should all recognize that the Soviet plan is aimed at the keystones of our strength. It seeks to abolish military bases on foreign territory and it seeks to dismantle the North Atlantic Treaty Organization. It purports to ban nuclear weapons.

° ° °

We devoutly hope that disarmament, in some practical form, can be achieved. But, until talk of disarmament matures into some enforceable plan, we must continue to build our strength. We must not allow talk of disarmament to lead us into disarming ourselves—psychologically or physically—while our enemies continue to build their military power.

Many people talk about disarmament. But the practical problems of enforcing it are most difficult. Even the latest Soviet proposal realizes that stores of nuclear weapons can be hidden beyond detection.

° ° °

The Soviets have long argued for a ban on nuclear weapons. This is understandable, for our nuclear air power has been the main obstacle to Communist aims. We must all understand what such a ban would mean—it would give the Communists tremendous advantage. It would mean complete reorganization of our armed forces and a great increase in men and money required to offset the power the Reds have today.

To give up our nuclear weapons, unless all arms were truly banned, would mean victory for the Communists. Conservatively, it would mean that we would have to increase substantially our land forces, and our tactical air and naval forces. We would have to triple, and, to be reasonably safe, quadruple, our Strategic Air Command. This would require a defense budget of billions larger than it is now and I doubt that we could achieve it without some form of mobilization. Even then the security of important areas of Europe and Asia could not be assured.

° ° °

These new Soviet advances in air power must be taken into account in the continuous review of our air strength. Our production base for additional effort is available and our output can be stepped up if required.

The foregoing are extracts from an address by Gen. Nathan F. Twining, Chief of Staff of the Air Force, in Los Angeles on May 20, 1955.

SHOT IN THE ARM FOR BUSINESS

If Demand Eases, Big U. S. Spending Will Help

Businessmen planning for the future need to keep an eye on Government's "cash" budget.

Prevailing flow of cash into and out of the Treasury reverses itself twice a year—and a shift is due shortly.

It means that Government will be leaving people with more money to spend for themselves.

Business in the U. S. is going to draw strong support from the big federal budget in months just ahead.

Output, sales, jobs, incomes, all are to be helped through what might be a touchy period by a new spurt in deficit spending that is about to begin.

For the moment, Government is taking far more money away from people than it is paying back. Individuals have just finished writing millions of checks to the U. S. Treasury, settling up on 1954 income taxes. Corporations will write their final checks for 1954 by June 15. Then the flow of money will shift.

Payments to Government will dwindle quickly after midyear. But the Treasury will go on writing checks—checks to businessmen for everything from paper clips to ships and bombers, to individuals for salaries and pensions, to States and localities for roads and schools.

The new supply of money and spending power that results is bound to be a strong prop for industry.

These multibillion-dollar shifts in trends of Government spending and collecting are matters that no businessman or investor can afford to ignore in his planning. They can make the difference between growing or shrinking demand for all that business offers for sale.

The schedule of these shifts is to be found in Government's "cash" budget, which takes account of all the cash that people pay to Government and receive from Government. For the period ahead, this schedule reveals that an outpouring of Treasury checks will be bolstering business at a time when support may be needed. The support, though, may disappear just when needed most.

Last half of 1955. In the six months starting July 1, as the chart on this page shows, Government will pay out about 34.4 billion dollars.

About 26.7 billions of that will be supplied by individuals and corporations in tax payments. Government, in other words, will be spending that much of people's money for them—money that would be spent or invested anyway.

In addition, though, Government will spend 7.7 billion dollars that has not been paid into the Treasury in taxes. That can be done by the simple process of creating new money. This marks the big difference between a Government and a business—Government can generate new spending money to cover a deficit.

To do this, the Treasury can simply write checks on billions of dollars of new bank accounts—deposits set up for Government in return for Treasury se-

(Continued on page 122)

BUSINESSMAN'S STAKE IN GOVERNMENT FINANCING

	Cash Collected By Government	Cash Paid Out By Government	Cash Deficit Or Surplus	EFFECT ON BUSINESS
July-December, 1954	$26 billion	$34.2 billion	$8.2 billion deficit	STIMULATING
January-June, 1955	$41.5 billion	$34.8 billion	$6.7 billion surplus	RESTRAINING
July-December, 1955	$26.7 billion	$34.4 billion	$7.7 billion deficit	STIMULATING
January-June, 1956	$43.4 billion	$33.8 billion	$9.6 billion surplus	RESTRAINING

Source: July-December, 1954, U.S. Budget Bureau; January, 1955, to June, 1956, estimates by Economic Unit, USN&WR

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This is the Otis Electronic Zone of Detection (Illustrated in phantom) This zone extends in front of the leading edges of both hoistway and elevator car doors from floor to shoulder height. When a passenger enters this zone of detection the electrical effect of the passenger's body energizes a series of electronic tubes. The tubes in turn permit the passage of current to operate the relays that control door operation. The result? The doors politely and obediently reverse before they can touch the passenger. This zone travels with the car and provides double-door protection at each floor.

Elevator door safety that can't be matched

FOR HIGH SPEED OPERATORLESS ELEVATORS

It's always well to remember that every elevator entrance has two doors. First, the hoistway door; and second, the elevator car door.

This is of utmost importance, because passengers on high speed operatorless elevators should always be protected from both the hoistway and elevator car doors — *for the greatest degree of safety!*

Otis Electronic Elevator Doors have an invisible, 3-dimensional electronic zone of detection (as illustrated in phantom) that extends in front of the leading edges of both hoistway and car doors from floor to shoulder height. When this electronic zone detects a passenger's presence in the doorway, the doors politely and obediently reverse before they can touch the passenger. Otherwise, they keep on closing. This zone travels with the car and provides full protection at all floors.

This unmatched safety—*obtainable only with completely automatic* AUTOTRONIC *elevators* — is available at only slightly extra cost above such standard equipment as rubber-edged contact doors, electric rays, and single door protection.

More than 250 new and modernized office buildings, hotels, hospitals, banks and department stores have given AUTOTRONIC elevators an overwhelming vote of confidence —*by buying Autotronic!*

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Otis Elevator Company, 260 11th Ave., New York 1, N. Y.

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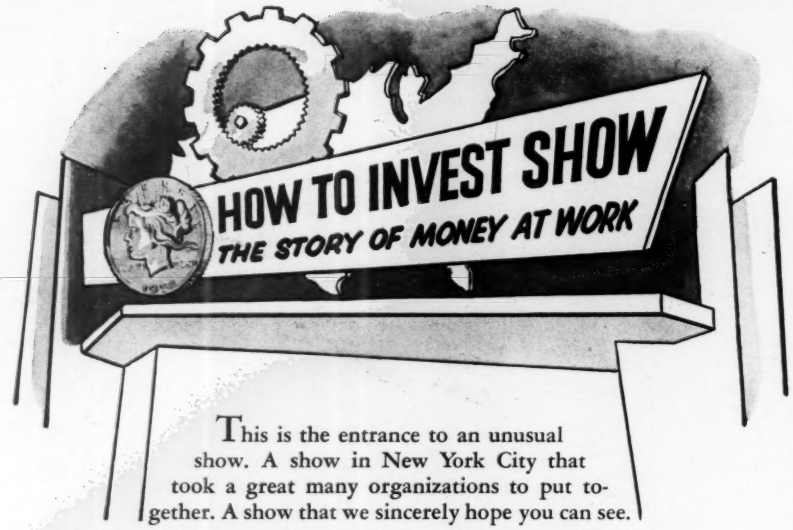

This is the entrance to an unusual show. A show in New York City that took a great many organizations to put together. A show that we sincerely hope you can see.

Because here is the story of American business—
of the tremendous things it has done in the past . . .
of the tremendous things it plans for the future . . .
of the tremendous part invested dollars have played
—and will play—to make it all possible.

It's a fascinating story this one, told with a whole floor-full of dramatic displays that spell out for anybody just why it's good to invest, just how you should go about it. Not that there are stocks for sale at the Show—you can't buy a thing if you want to. You can't even open an account.

Together with the organizations below we're putting this show on for just one reason: We believe that a lot more people should know a lot more about investing—what it might mean to them—what it does mean to American business.

If you're in New York City between May 24th and May 30th, we can't think of a better place to start learning than the "How to Invest Show" in the 71st Infantry Regiment Armory, Park Avenue at 34th Street. There's no charge of course.

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General Electric
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General Motors
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Manufacturing Chemists Association
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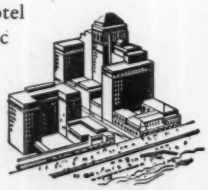
DISTINCTION

If you have any reservations about selecting this hotel for your Atlantic City stay, let them be room reservations.



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Government spending in '56 to match '55 . . .

curities. Result later in 1955: an addition of billions of dollars to the supply of money and credit—and to spending power—in the U. S.

It's just possible, of course, that the Treasury might try to cover its cash deficit by borrowing from individuals and institutions other than banks. Government then would simply be spending people's money for them. No over-all rise in money supply and spending would result directly.

Chances are that it will be the banks that are called upon to make up most of the Treasury's cash shortage. So billions of dollars of new checkbook money will flow out to millions of individuals and companies all over the country—and with no offsetting flow of checks back to the Treasury.

At a time when a slowing of demand for new cars and new homes may be threatening a general business letdown, that stream of Treasury checks is to be of major importance.

First half of 1956. What happens to U. S. budget operations after the end of this year may be of even more significance than what happens before then. If business sails easily through the last half of 1955, it could find trouble in 1956. And, at that time, the Treasury will be on the receiving end of the stream of checks.

There is to be no big change in Government spending in 1956. In the first half of the year, outgo will amount to about 33.8 billion dollars.

The flow of money to the Treasury, though, will rise sharply as taxpaying time comes around again. In the first half of 1956, individuals and businesses will be required to pay in about 43.4 billion dollars. Government, thus, will be drawing off about 9.6 billion dollars more than it is pouring back in.

That drain on people's bank accounts, leaving individuals and businesses temporarily strapped for funds, can be a drag on business, particularly if the business boom is inclined to falter about that time.

What will happen, specifically, in the first half of 1956 is this: The Treasury, using its surplus to reduce the huge national debt, will retire at least some debt held by banks. New checkbook money, created when Government was borrowing, then will be wiped out.

The result will be a slowing in the growth of the country's money supply, or an actual shrinkage. This can put a real damper on the demand for everything that business produces and sells.

It's happened before. To see what these shifts in budget operations can do

. . . Treasury checks helped halt '54 recession

by way of stimulating or curbing business, look at what happened in 1954.

Early in 1954, when the Treasury was drawing heavily on people's incomes and savings, business was showing no signs of recovery from recession.

Then, around midyear, the revenue trend shifted again. In the last half of 1954, Government spent 34.2 billion dollars on goods and services. Yet it took in from individuals and business only 26 billion. Much of the resulting deficit of 8.2 billion dollars was financed through banks, which created billions of dollars of spending power for the Treasury's use.

Those new dollars were spent quickly, and, by September, the recession was halted. Business headed into a new boom. The huge outpouring of Treasury checks, of course, had not done the entire job. Taxes had been cut and credit made easy to encourage private spending. Yet Government's big six-month deficit has to be credited with a part in curing the recession.

In this early part of 1955, too, the prevailing flow of checks has helped an Administration that is relying entirely on money powers to manage the economy.

Business activity, in this period, has been strong enough to give rise to some official concern. So action has been taken to make credit less abundant and more expensive. At the same time, the Treasury has used its six-month surplus to retire some securities held by banks, an action that has helped to slow the rise in the country's money supply.

What businessmen need to note in all this is that planning which fails to take Government's spending-collecting shifts into account can mean failure to be ready for new opportunities or to be prepared for trouble.

Right now, as business approaches what has been forecast as a critical period, a new semiannual switch in the flow of checks is to be of special importance. The shift that occurs could be affected by some decisions not yet made—for example, by action to offset higher-than-expected spending on farm price supports.

Even so, the Government financing that looks so favorable for business during the last half of 1955 can act to curb business during the first half of 1956.

› **Decline in shares.** The drop in stock prices in recent days, some Wall Streeters are saying, has raised a more cautious attitude than the one occasioned by the March decline, despite the fact that this one has been much smaller and spread

(Continued on page 124)

The All-New Kelvinator Hot 'n Cold Water Cooler gives you control of THE COFFEE-BREAK!

Figure the time your employees lose from work in just *getting to* and *returning from* their coffee-break. You can eliminate this wasted time with a new Kelvinator HOT 'N COLD . . . serving water piping hot for making instant coffee and other hot drinks . . . (and cool for drinking!) And the coffee is served as near to the job as YOU like. Employees like it too! No use looking farther for a faster, cleaner, cheaper method of providing your workers with this morale-building convenience. What's more, there's no mess, no unsightly hot plates or other apparatus.

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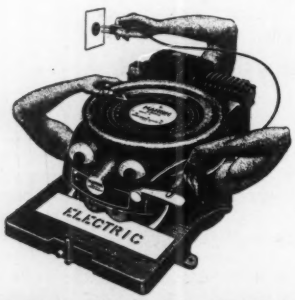

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YOU CAN MAKE ENDS MEET IF THE Right Pipe IS IN BETWEEN

It's the unexpected expenses that make it hard to balance the budget . . . and what's more unexpected than a pipe line that fails way before its time. If it happens, the bills for repair and replacement, often charged at overtime rates, and the slow-down to production, can present quite a serious threat to operation.

Fortunately, there's an answer to the problem. Wrought iron pipe. It has the unique ability of lasting a long, long time. And all the while it's in service, you're saving money. Write Department Z for our booklet, *Proof by Performance.*

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BYERS
WROUGHT IRON

. . . Did peace talk cause market decline?

out longer. This time, measured by the Dow-Jones index of industrials, the market dropped 16.5 points in 15 trading days. In March, the drop was 28 points in 6 trading days. Reason most often given for the recent decline: uncertainty as to what might come out of the impending Four Power Conference, and other hints that the "cold war" might freeze into something resembling peace.

› **Booming business.** You get in Federal Reserve Board reports of bank loans to business a good view of the business recovery. Normally, it's expected that business loans extended by banks that report weekly to FRB will decline by half a billion dollars or so in the first months of the year. Last year, when business was in a setback period, those loans dropped 1.2 billion dollars by early May. This year, in the same period, these loans rose by 184 million.

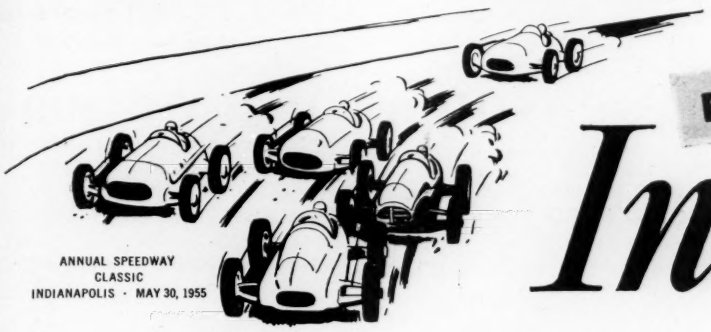
This contrast, by the way, shows up despite the fact that in early 1954 banks loaned about 175 millions through the purchase of Commodity Credit Corporation certificates of interest, while this year they have redeemed some 400 millions' worth of those certificates.

› **Lost battle.** Businessmen and accountants have lost their fight to save Sections 452 and 462 of the Internal Revenue Code—the so-called "windfall" provisions written into the tax law last summer. These are the new rules that permit some firms to deduct anticipated future expenses and to postpone tax payments on "prepaid," or advance, income. The Senate Finance Committee has approved the request of Secretary of the Treasury George M. Humphrey for repeal of the sections. The House already has passed the repealer.

This almost certainly means that even the companies that have shifted to the new accounting rules will lose the resulting benefits, and retroactively. It does not mean, though, that the whole campaign is necessarily lost. Re-enactment of the rules in a form that will entail smaller revenue losses is a possibility for next year, though businessmen may have to fight a stiff battle to get such action. Secretary Humphrey, once firmly committed to what he described as the "sound accounting principles" involved, appears to have soured on the whole idea.

Mr. Humphrey does give assurance, however, that, where the Treasury is concerned, the repealer simply will "reestablish the principles of law which would have been applicable if Sections 452 and 462 had never been enacted."

There's a race IN Indiana... and a race TO...



ANNUAL SPEEDWAY
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the state that is attracting MORE INDUSTRIES per capita than any other

NO STATE DEBT. Constitution forbids it! *Surplus: $80 million!*

NO "NUISANCE" OR "PENALTY" TAX. *No net income, use, retail sales, corporate or manufacturer's tax!* Only ¼ of 1% on gross receipts from sales for processing, re-sale, etc., not in interstate or foreign commerce; 1% on other receipts derived in Indiana except from sale to ultimate consumer (½ of 1%); *there is NO tax on receipts from sales in interstate or foreign commerce!*

3RD LOWEST UNEMPLOYMENT TAX IN U. S. Averages .7 of 1%—*only half U. S. average!*

RAW MATERIALS. Low-cost coal (6th in U.S., 100 mines, 20-30 million tons yr., 2000 yrs. at present rate). Limestone (bldg. & agric.). Natural gas (billion cu. ft. yr.). "Clay Center of the World." Petroleum (*and* 1000-mi. pipeline from s.w.). "White Clay," rich in aluminum. Water. Corn. Soybeans. Sand. Gravel. Wood. Etc.

CLOSEST TO ALL MARKETS, to *exact* U. S. population center.

PLENTY OF FIRM POWER. Never lost a plant or prospect for want of power. Over 3 million h.p. a yr. (10% over U.S. per cap. avg.) *plus* 1½ million emergency h.p. through interconnected transmission system. Often ½ of 1% of total prodn. cost. Always kept ahead of needs. Only 2% hydro- or oil-generated—98% by coal, mostly *Indiana's own* coal.

GOOD LABOR—97% native, 99.2% literate. Responsible, versatile, *30% fewer government workers per capita than nationally!* Enviable strike and lockout records. First in U. S. with state labor-management charter.

LOWER LABOR COSTS. U.S. median weekly wage of mfg. employees under unemployment compensation is 7% higher than in Ind. And Mich.-Ill.-Ohio avg. is 8% higher than in Ind. Families earning $2000-$6000 are 10% *more* prevalent in Ind. than nationally; under $2000 and over $6000, 16% and 10% *less* prevalent. Families earning over $6000 are 28% *less* prevalent in Ind. than in Mich.-Ill.-Ohio.

EXCELLENT TRANSPORTATION—23 railroads (3% of total U.S. rail miles in 1.2% of U.S. area—142% more than our sq.-mi. "quota"); 9 airlines; 200 airports; 300 motor freight lines; shipping to Miss. River by Ohio River and Chicago Canal; Lake Mich., etc. *Literally* "The Crossroads of the Nation!"

258 TOWNS AND CITIES OVER 1000—5 over 100,000 . . . *14* 25,000-100,000 . . . *22* 10,000-25,000 . . . *217* 1,000-10,000.

LOWER-COST GOVERNMENT, state and local, than in neighbor states.

NATION'S FINEST HIGHWAYS. More miles, more permanent pavement, than any other state per driver and per sq. mi. (twice as many as neighbor states)—*and all paid for!*

SUPERB SCHOOLS (first state in U.S. to provide constitutionally for public education); fine teacher salary, tenure, retirement policies; 29 colleges, universities.

IT'S GOOD TO LIVE IN INDIANA! Nationally known symphony orchestras, art galleries, artists, writers, 250 public libraries. Fine housing. Moderate rent. Good climate (summer avg. 76°, winter 31°, mean 53°). Good hunting, fishing, conservation. Over 1000 lakes, streams; 32 famous state parks, forests, beaches. Resorts. Winter sports. Fine public swimming pools, parks, playgrounds, golf courses. And friendly, gracious *people!*

INDIANA now has 10,500 industries (*up 31% from '48 to '53, up 29% from '39 to '47*) • Leads neighbor states in *new*-plant value per cap.—by 127%, 110%, 38%, 12%, 8%. • Is growing 59% faster than U.S. (now 4,300,000—60% urban, 40% rural). • Adds 3 times more dollar value to goods by mfg. than in '39 (states ranking 1st and 2nd in *total* value added by mfg. are outranked *per cap.* by Ind. by 38% and 26%!). • Outranks 46 states in % of employees in durable goods mfg.—81% over U.S. avg. • Tops U.S. ratios by 193% in % of population engaged in motor vehicle equipment manufacture; by 152% in primary metal industries; by 87% in non-electrical machinery; by 34% in fabricated metal industries; by 29% in electrical machinery and equipment. • Has world's largest steel plant, oil refinery & cement plant. • Ranks 1st in U.S. in refrigerators, 'phones, gasoline pumps, mobile homes, musical instruments, bldg. limestone (¾ of U.S. total) . . . 3rd in steel, motor vehicles & parts . . . 5th in rubber . . . strong in chemical processing, rail cars & equipment, machine shop & foundry, drugs, clothing, glass, fibreglass, wood veneers, furniture, meat packing, canning, farm machinery, electronics, plastics, jet engines, etc.—*enough DIVERSITY to meet MOST component needs HERE!*

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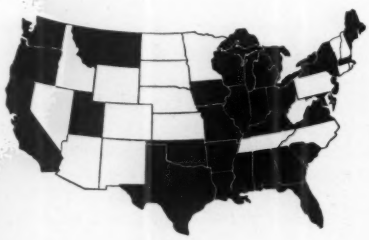
THIS IS NATIONAL STEEL

The big canning season is under way

From coast to coast, America's canneries are packing foods in tin cans at the precise moment of freshness and perfect taste



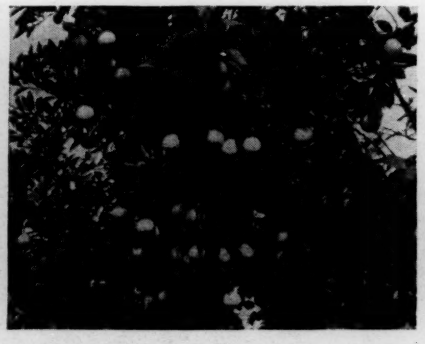
HERE IS THE SPRING COAST-TO-COAST CANNING PICTURE

(Areas in black indicate where canneries are operating)

ALABAMA	Snap beans, okra
ARKANSAS	Spinach
CALIFORNIA	Cherries, artichokes, asparagus, beets, peas, spinach, lemons, mackerel, tuna
DELAWARE	Asparagus
FLORIDA	Oranges, snap beans, grapefruit, tomatoes, shrimp
GEORGIA	Asparagus, snap beans, okra, shrimp
ILLINOIS	Asparagus
INDIANA	Asparagus
IOWA	Asparagus
KENTUCKY	Spinach
LOUISIANA	Figs, snap beans, okra, shrimp
MAINE	Clams, cod, sardines
MARYLAND	Asparagus, kraut, spinach, herring, oysters
MASSACHUSETTS	Cod
MICHIGAN	Kraut, asparagus, spinach
MISSISSIPPI	Figs, snap beans, okra, shrimp
MISSOURI	Spinach
MONTANA	Kraut
NEW JERSEY	Rhubarb, spinach
NEW YORK	Kraut, asparagus
OHIO	Asparagus, kraut
OKLAHOMA	Spinach
OREGON	Asparagus, kraut, rhubarb, clams, salmon
SOUTH CAROLINA	Asparagus
TEXAS	Figs, grapefruit, carrots, shrimp
UTAH	Kraut
VIRGINIA	Asparagus, spinach, herring
WASHINGTON	Asparagus, kraut, rhubarb, clams, oysters, salmon
WISCONSIN	Asparagus, kraut, rhubarb

Meat, milk and pickles are canned year round.

SEA FOOD—Salmon, tuna, sardines, oysters, shrimp—an infinite variety of delicacies from the sea are being canned right now to add zest to your daily menu.



FRUIT—Today your breakfast orange juice is being canned for you. Soon, other fruits now ripening on tree and vine will be canned for your year-round use.

MEAT—A great variety of meat product and fowl and milk as well, are being canne daily to make the housewife's task of me preparation a fast, simple, and easy on

The big season is starting now.

At this very moment, a wide variety of food is being rushed to canneries in 29 states. And more and more canneries will be in action very soon.

In fact, as the new harvest season continues, approximately 4,500 canneries in just about every corner of the United States and all its territories will be packing more than 400 different kinds of food.

And wherever this food is packed, much of it is going into cans made of Weirite tin plate, a product of National Steel.

Why it's important to you

It is estimated that about 50 per cent of our food supply is preserved in tin cans. And there are many reasons.

Actually, the so-called tin can is 99 per cent steel, coated with tin to make it highly resistant to corrosion.

Because its strength is steel—one of the toughest metals there is—the tin can is sturdy. It is compact, adding only the tiniest fraction of an inch to the dimensions of its contents.

The tin can is sanitary, too. It is hermetically sealed, and used only once. And it is economical—it saves greatly in automatic canning, shipping weight and storage space.

National's role

National Steel is a leading supplier of both hot-dipped and electrolytic tin plate. Its Weirton Steel Company is one of the largest producers of the kind of tin plate needed for the more than 35 billion cans made every year.

National Steel's research and technical men work closely with their customers from coast to coast, to make not only the finest tin plate, but also many other kinds of steel for the products of American industry.

It is our constant goal to produce still better and better steel—America's great bargain metal—of the quality and in the quantity wanted, when it is wanted, at the lowest possible cost to our customers.

NATIONAL STEEL CORPORATION

GRANT BUILDING PITTSBURGH, PA.

NATIONAL STEEL

SEVEN GREAT DIVISIONS
WELDED INTO ONE COMPLETE
STEEL-MAKING STRUCTURE

Great Lakes Steel Corporation • Weirton Steel Company • National Steel Products Co. • Hanna Iron Ore Co. • The Hanna Furnace Corporation • Stran-Steel Division • National Mines Corporation

VEGETABLES—Picked and packed at the precise moment of its most nutritious value, an overwhelming part of our vegetable harvest finds its way to market in cans.

Ballantine's

LIQUEUR BLENDED SCOTCH WHISKY

86 Proof

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because Company inspectors and engineers devote full attention to this one exacting line of insurance. If an accident should occur, these experienced specialists can be on the scene promptly, ready and able to render expert assistance. . . . Your own agent or broker can arrange a policy for you.

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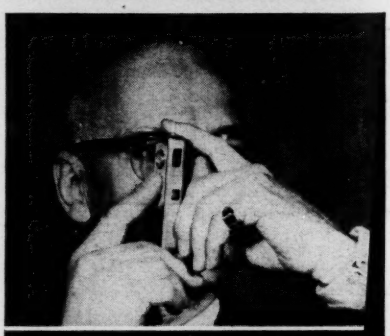
Hartford 3, Connecticut



Howard W. Sams, Chairman
Howard W. Sams & Co., Inc.
says this about his

minox camera

"the supreme little MINOX is the king of conversation pieces! nothing has ever come into my life that has provided keener satisfaction. "in my work . . . for my pleasure—I use the MINOX, world's finest precision camera—so light (2½ oz.), I always have it in my pocket." fast f/3.5 lens. all speeds from 1/2 sec. up to 1/1000 sec. NO FLASH NECESSARY FOR INSIDE SHOTS. a fabulous GIFT!

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** sometimes bar union organizers from passing out circulars on company premises. Two separate courts refuse to back up findings of the National Labor Relations Board that employers interfered with the Taft-Hartley ***organizing rights*** of workers by banning distribution of circulars. In one case, the court notes that the union had access to the employes away from work; in the other, the employer enforced the no-circular rule for all organizations.

* * *

☑ **YOU CAN** take an ***income tax deduction*** for your contribution to a rehabilitation center to provide a building for use in treatment of handicapped persons. This, says the Internal Revenue Service, is deductible as a hospital contribution.

* * *

☑ **YOU CAN** probably get a special ***price-support loan*** on your 1955 crop of wheat if you are in a locality designated as a distress area needing this special type of temporary loan. The 90-day loans will be offered by the Department of Agriculture in places where regular storage facilities are not available and where wheat can be kept on the ground or in temporary buildings.

* * *

☑ **YOU CAN** probably plant more ***rice*** this year than originally planned. The Department of Agriculture announces that, as a result of recent legislation, State rice-acreage allotments are being increased by 68,000 acres.

* * *

☑ **YOU CAN** perhaps count on obtaining more ***copper*** for civilian production in the third quarter of this year. The Director of Defense Mobilization decides to make available for civilian use about 16,000 tons of the metal, subject to Government contract.

* * *

☑ **YOU CAN** import shelled ***peanuts*** between now and July 31 without regard to quota limitations. The President suspends these quotas on imports temporarily to relieve a domestic shortage caused by last year's drought.

☒ **YOU CANNOT** safely talk to separate small groups of your employes a few hours before a ***collective-bargaining election*** if your purpose seems to be to influence their vote. The National Labor Relations Board holds that such an act violated its Taft-Hartley rule against campaigning on company property within 24 hours of a plant election.

* * *

☒ **YOU CANNOT** expect to escape a penalty for failure to pay your ***estimated income tax*** just because you are short of funds. The U. S. Tax Court finds that lack of funds is not a reasonable cause for failing to pay the estimated tax when due.

* * *

☒ **YOU CANNOT** avoid responsibility for paying a ***transportation tax*** if you are the person who makes, or has immediate control over making, payment of the taxable transportation charges. The Internal Revenue Service rules that a person in such a position is liable for the transportation tax.

* * *

☒ **YOU CANNOT,** in selling ***oleomargarine,*** use advertising that gives the impression that you are selling a dairy product. In its first decisions under a 1950 amendment to the Federal Trade Commission Act, FTC tells two makers of oleomargarine to stop using advertising that, by use of terms commonly associated with butter, conveys the impression that theirs is a dairy product.

* * *

☒ **YOU CANNOT** legally sell foreign machines in the U. S. without plainly showing their origin. The Federal Trade Commission orders a company to stop selling ***sewing machines*** unless labels clearly disclose that the machine heads came from Japan. It is not enough, says FTC in a 3-2 split decision, that the Customs Bureau approves of "Japan" marked in small letters on the imported items.

* * *

☒ **YOU CANNOT** safely let your supervisors help circulate an ***anti-union petition*** and tell your employes that they may lose their jobs unless they sign the petition. The Labor Board holds that, by permitting such acts, an employer interfered with the rights of workers under the Taft-Hartley law.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

Without records, insurance fire-loss claims can not be settled promptly (sometimes not at all) . . . money collected . . . trade and bank credits re-established. Measure your fire-survival-risk with the Diebold Fire Hazard Chart. Prove its validity with THE SEVEREST TEST . . . an actual survival experience. Call your local Diebold representative, or mail coupon today.

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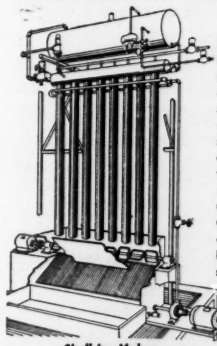
FRICK

Shell-Ice
Will Earn Profits for You



Shell-Ice Maker

If you need broken ice for beverages, for food displays, delivering milk, cooling poultry or fish, shipping produce or any other use, Shell-Ice will save you money. Frozen on vertical stainless steel tubes, harvested automatically every 10 minutes or so, without labor. Can be scooped, shoveled, bagged, blown thru hoses, or conveyed: no snow, waste, or special cleaning. The ideal ice maker you've been waiting for: get Bulletin 54 now: write

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QUANTITY PRODUCTION OF GREY IRON CASTINGS

ONE OF THE NATION'S LARGEST AND MOST MODERN PRODUCTION FOUNDRIES

ESTABLISHED 1866
THE WHELAND COMPANY
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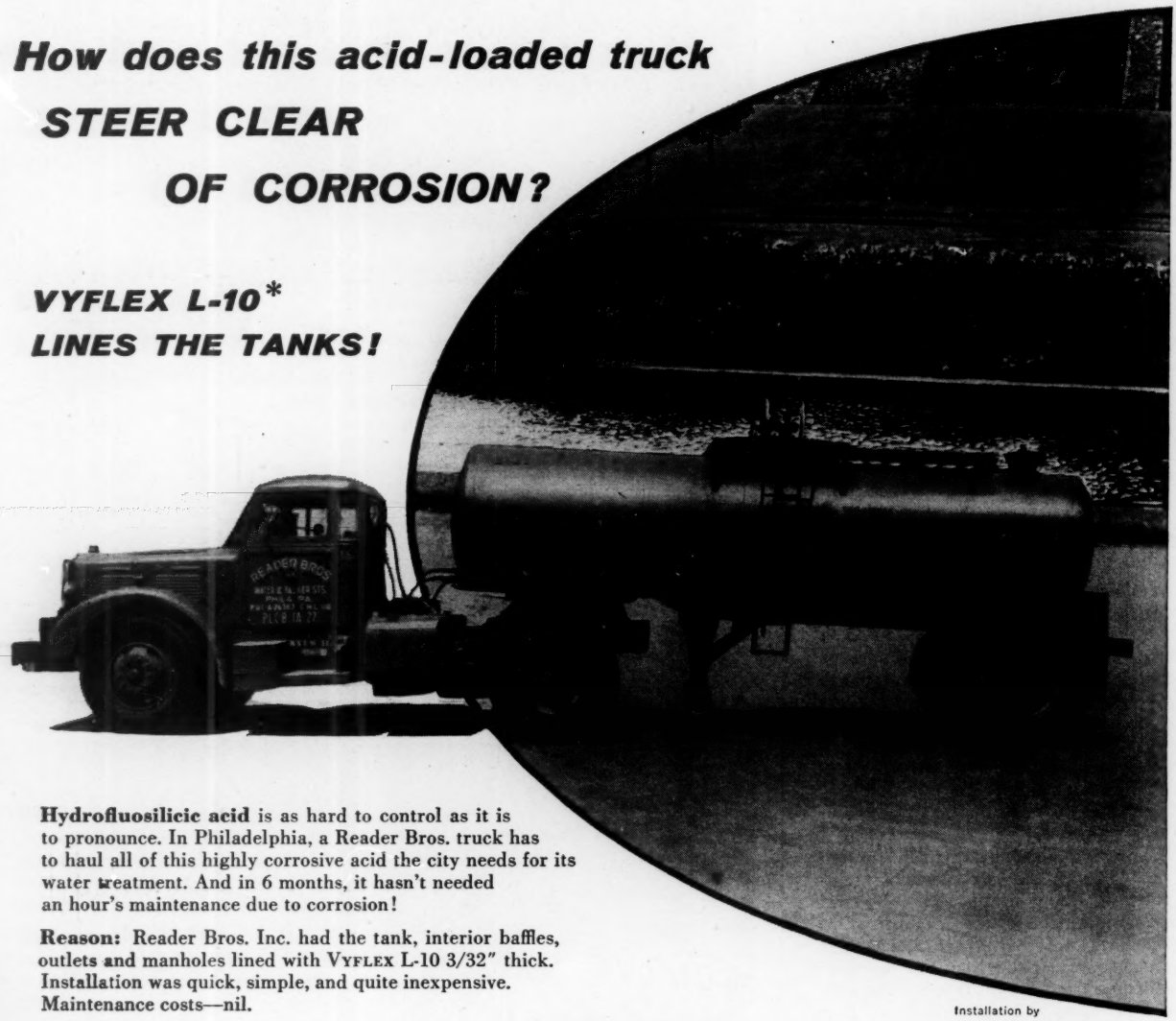
√ Industry wipes out corrosion with Firestone Exon Resins

How does this acid-loaded truck STEER CLEAR OF CORROSION?

VYFLEX L-10* LINES THE TANKS!



Hydrofluosilicic acid is as hard to control as it is to pronounce. In Philadelphia, a Reader Bros. truck has to haul all of this highly corrosive acid the city needs for its water treatment. And in 6 months, it hasn't needed an hour's maintenance due to corrosion!

Reason: Reader Bros. Inc. had the tank, interior baffles, outlets and manholes lined with VYFLEX L-10 3/32" thick. Installation was quick, simple, and quite inexpensive. Maintenance costs—nil.

Installation by
Goodall Rubber Co., Trenton, N.J.

Firestone

EXON®

VYFLEX L-10 LINING
derives its immunity to corrosion from its base resin, Exon 900 series. These are only a part of the many Exon resins developed by Firestone engineers to help wipe out corrosion costs.

In plant after plant, lightweight structural rigid applications of unplasticized PVC are based on equally effective Exon resins.

The fact is, you *can* stop corrosion! Exon polyvinyl chloride resins provide a wide variety of versatile PVC materials to develop the answer to your specific corrosion problem.

For details that will interest you in particular, call or write:

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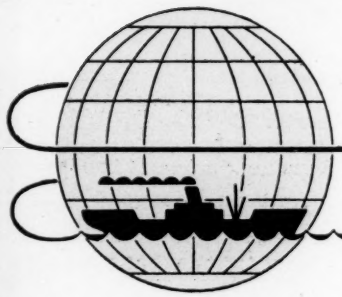
A DIVISION OF THE FIRESTONE TIRE & RUBBER COMPANY

*Product of Kaykor Industries, Inc. Division of Kaye-Tex Mfg. Corp Yardville, New Jersey
*Vyflex L-10 is made from Exon resins.



Business Around the World

BONN • VIENNA • PARIS • RIO DE JANEIRO

›› Fast-moving German boom can absorb rearmament without too much difficulty or too much excitement. That's the official Government view in Bonn.

German industrialists are pictured as not greatly interested in getting into munitions work. German youths are supposed to be unenthusiastic about the prospect of "joining the colors" but resigned to it.

Coming burden of rearming on the German budget hasn't been thought of as unbearable, by any means. Possibility of strain on industrial capacity trying to meet both boom and defense demands has been pooh-poohed.

Idea of rearmament as an important influence on German life has been played down--in fact, practically submerged.

›› But, now that German rearmament is about to start, you can get some different angles. A Swiss analyst, recently in Germany, has this view, for example:

"German exporters, in common with most other exporters, find the world market a very competitive place.....They are paying out considerable sums for overseas representation and advertising.....Armament business at home is going to look good to some of these manufacturers.....It's easy business, doesn't involve heavy selling costs, yields a good profit.....

"Rapid development of a sellers' market in German steel as rearming approaches is significant.....Orders on hand at German steel mills are running 30 to 40 per cent above those a year ago, while German industrial production is up about 15 per cent.....Germans are also buying in France, Belgium, Luxembourg, and the U.S.....Somebody must be expecting a shortage.....

"Swiss buyers are having a hard time getting steel in Europe despite the preferential arrangements the Swiss have with both German and French steelmakers .....Black-market prices are developing....." So reports this Swiss.

›› Actually, Bonn looks ready to get off to a fast start on rearmament.

German businessmen suddenly are more interested in who and how many men are going to get pulled into the armed forces. The Bonn Government is being pushed to arrange with Rome for importation of Italian workers.

The big German boom, everybody suddenly realizes, has been built on a large labor reservoir, now practically drained of skilled workers.

Productivity in Germany hasn't increased nearly as much since 1937 as it has in the U.S., Britain, or even in France.

German emphasis since the war has been on getting out the goods in the best way possible. There has not been as much spent on capital improvements, modernization, new machinery as in a normal period. From now on, productivity is going to assume greater importance for the German industrialist.

(over)

That's one reason the capital market in Germany is getting so active and why so many security issues are being floated or planned.

>> Recent sharp crack in the Paris stock market was an overdue "correction"--in Wall Street jargon. French stock prices dropped 30 per cent in the week ended May 14 but have recovered somewhat since then.

Speculative boom has more than doubled Paris stock prices in the last two years. The market is narrow. Stock of most French companies is closely held. But, with inflation halted and gold prices dropping, there's been a growing public interest in common stocks. Stock prices got so high early this month, large institutional investors figured the time had come for profit taking.

French bonds are beginning to get more of a play. Many of them yield 6 to 7 per cent--about twice as much as the average French stock.

Stock-market break in Paris doesn't seem related to business conditions in France, which continue healthy. Production expands. The franc is strong.

>> The Austrians, after the signing of the Peace Treaty, are having some sobering second thoughts on their prospects.....

Austrian boom has been eating up lots of imports. Domestic demand is competing strongly for exportable goods. Result: a deepening deficit in Austria's foreign trade and a shrinkage in her foreign-exchange reserves.

Austrian earnings of 60 million dollars a year from spending by occupying forces will start tailing off this year and stop altogether next year.

Payments, in the form of goods, to Russia for the next six years will be worth 25 million dollars a year. These payments are for return of former German-owned factories operated by the Russians. These run-down plants will need plenty of money spent on them for repairs and modernization.

Oil fields, to be returned by Russia, have been producing about 3 million tons a year under forced draft. Peace Treaty says Austria must supply Russia with 1 million tons of oil a year for 10 years. Chances are oil output will drop off unless Austria spends a good deal on new equipment and drilling.

Setting up an Austrian army--even a small one--will cost money, too.

All in all, Austrian finances will be strained by all these demands. Austria undoubtedly will be in the market for some foreign loans.

>> Housewives may soon find lower-priced coffee on grocery shelves.....

Brazil last week folded the umbrella it had held over the coffee market. The Rio Government gave up its year-long attempt to maintain coffee prices through minimum export prices. This move presumably will lead to price cutting among the various coffee-producing countries.

>> Latin-American coffee countries have been trying for several months to agree among themselves on a way to stabilize prices by stockpiling coffee.

Brazil has bought up and is holding 3 million bags off the market. But the other producers and Brazil can't seem to come to any agreement on concerted action. And big new crops are coming to market soon.

American coffee roasters have pretty small inventories. They probably will step in and buy more heavily now that prices are moving freely again.

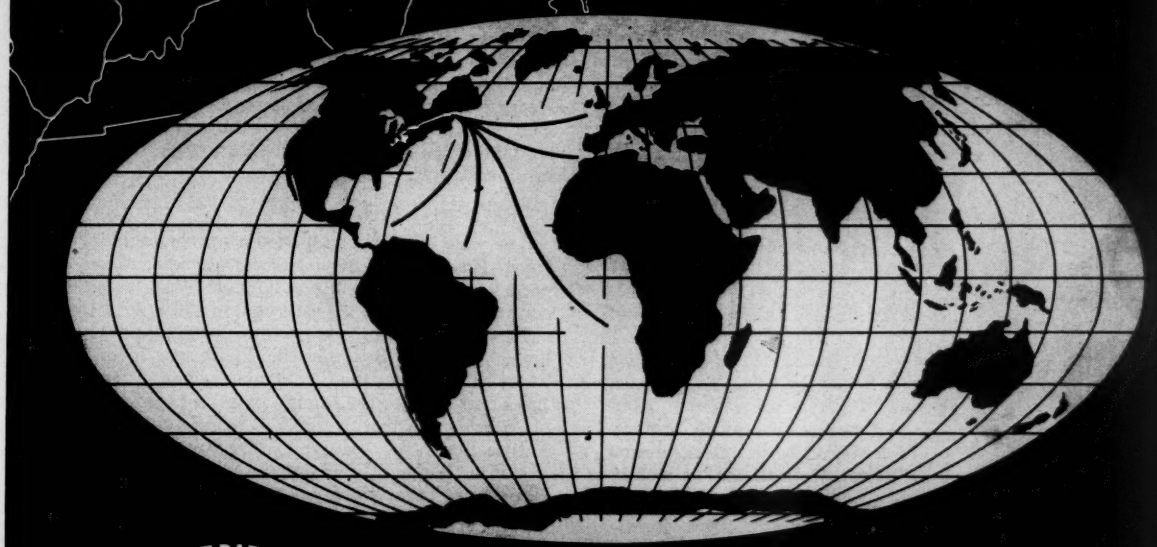
Hope of coffee countries is that this pent-up demand will be sufficient to sustain prices. But that is doubtful in view of very large supplies.

This new low-cost water route direct to domestic and world ports can mean more business and more profit to many industries. Where can your plant fit into this picture? Perhaps the answer will be suggested by a new map-folder... yours by sending the coupon below.

St. Lawrence Seaway

adds another plus value to your plant located in...

The Center of Industrial America



Send coupon today for *free folder* on the St. Lawrence Seaway opportunities

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U-11

(Write in margin if necessary)

General Sarnoff Describes—

A NEW PLAN TO DEFEAT COMMUNISM

A way to meet Russia's "cold war" is now getting "intense" White House study.

The plan, proposed by Brig. Gen. David Sarnoff, board chairman of RCA, was discussed thoroughly with President Eisenhower, who commended its approach in his press conference. Its main points—

- **Form a high command for fighting cold war. Give it Cabinet status, able planners.**
- **Launch a world-wide propaganda effort.**
- **Make available everywhere cheap, lightweight radios, able to pick up U. S. programs.**
- **Distribute millions of simple phonographs and cardboard propaganda records.**
- **Use mobile, big-screen TV units to get the U. S. message across in non-Red areas.**

Following is the full text of a memorandum by Brig. Gen. David Sarnoff, board chairman of the Radio Corporation of America, presented to the White House on April 5, 1955, and later made public:

Introduction

Our best and surest way to prevent a Hot War is to win the Cold War. Individual democratic leaders have long been aware of this truth, but it has not yet been fully grasped by the free world.

Because the label is of recent coinage, many people assume that the Cold War is a new phenomenon. Actually it has been under way ever since the Bolsheviks, entrenched in Russia and disposing of its resources, launched the Third or Communist International.

World Communism has been making war on our civilization for more than three decades. And the term "war" is not used here in a merely rhetorical sense. It has been a war with campaigns and battles, strategy and tactics, conquests and retreats. Even the postwar years, it should be noted, have seen Red retreats—in Greece, Iran, Berlin, for instance—as well as victories; but such retreats have occurred only when the West acted awarely and boldly.

I. How the Communists Wage Cold War

There have been intervals of truce in the Cold War but not of true peace. Periods of seeming Communist moderation have been used as a cover for frantic buildups and deployments for the next big push. There has not been a single year when the Kremlin did not, with single-minded concentration, make the most of its opportunities by methods short of general war.

Not a single country today under Communist rule was conquered by outright military assault. Russia itself fell to the Bolsheviks through a political *coup*, after other parties had overthrown the old regime. The East European satellites were placed behind the Iron Curtain by cunning diplomacy and brute extortion. China was joined to the Soviet sphere by "rear operations" performed from inside.

It is useful to break down Moscow's political-psychological techniques for easier observation. But it should be remembered that they are all inextricably intermeshed, that they are stepped up or soft-pedalled as required, that they are supplemented with physical force and the menace of such force according to circumstances. The listing that follows is therefore overlapping.

1. PROPAGANDA:

The massive use of all media of communications by the Soviet Government, its puppet governments, local Communist parties, and by ostensibly independent groups under Moscow control or influence, is vast but impossible to measure.

In 1948 Soviet broadcasting to foreign targets totalled 528 hours per week. By 1954 this figure was increased to 1,675 hours. In addition the Soviet news agency "Tass" broadcasts 121 hours *daily* to the foreign press. By comparison, the Voice of America broadcasts only 716 hours a week.

It is estimated that over 1,000 Soviet transmitters are engaged in "jamming" our signals. The Kremlin spends more for jamming it than we spend on all operations of the Voice of America. The Soviet and satellite expenditures in all types of foreign propaganda cannot be accurately gauged—nearly everything Communists do has a propaganda content—but these costs run into billions of dollars annually.

Printed matter in tremendous quantities pours out of the USSR into the non-Soviet world. Several large publishing houses in Moscow and elsewhere do nothing else but feed this flood. Besides, the Kremlin operates a chain of large publishing enterprises on foreign soil. Their Red tide of books, pamphlets, reports, posters, etc. inundates the world.

In nearly every non-Soviet country and region there are newspapers, magazines, radio and TV stations, either overtly under pro-Communist control or in "liberal" disguises. These speak in local tongues—but the voice is Moscow's. In addition, thousands of Kremlin-oriented individual writers, commentators, editors, and trained propagandists are smuggled into strategic non-Communist spots to plug the current Moscow lines.

All available forums, from the United Nations to cultural

. . . "In Russia there are universities of revolution"

and sports gatherings, are exploited to advance the battle for men's minds.

Special emphasis is given in Communist plans to what is called the "propaganda of acts"—strikes, riots, demonstrations, mass meetings in support of Soviet objectives or in protest against local policies distasteful to the Soviets, and contrived events of every kind.

Soviet films are rated high in the Communist propaganda plans. Pure entertainment in films, of course, is almost non-existent. The result is that any and all pictures made in the Soviet sphere, however disguised as art, contain a "message" which contributes to their cumulative effort to brainwash the non-Soviet world.

2. INFILTRATION AND SUBVERSION:

Through Communists, fellow-travelers and assorted sympathizers, there is a systematic "colonization" of governments, labor unions, educational and scientific institutions and social organizations. The goal is to weaken the infiltrated bodies or to use their leverage to influence public opinion and official policy in the Kremlin's direction; to undermine traditions and subvert loyalties which block the road to Communist thinking.

In the infiltration of government agencies, espionage is by no means the chief purpose. Far more important to the Soviets is the subtle pressure an infiltree can bring to bear upon the shaping of national policy and the influencing of national moods. The theft of secret documents is routine. The subversion of a government's self-interest, the sowing of disunity, the careful sabotage of policies unfavorable to Soviet interests—these require and receive more polished methods.

3. FIFTH COLUMNS AND FALSE FRONTS:

Communist Parties, whether legal or proscribed, are the primary fifth column. They function under direct instructions from Moscow headquarters, usually under leaders assigned from outside.

But this is the beginning, not the end, of the apparatus of power reaching into every corner of the free world. Innumerable committees, congresses, leagues are set up—outwardly devoted to legitimate and even noble causes like peace, race equality, anti-fascism, but actually controlled and manipulated by Communists for strictly Communist objectives.

These false-front outfits are spawned continually, discarded when their purpose has been served. In the United States, where this technique has been widely practiced, they have run into scores. Every new situation produces its organizational instrument. At times a front started for one purpose is shifted overnight to its opposite: thus fronts for keeping America out of the war during the life of the Moscow-Berlin pact were converted into fronts for putting America into the war after the Germans attacked Soviet Russia.

Besides creating these fifth-column devices, the Communists also are expert at "capturing" organizations started by others. By joining some existing society or committee, acting as a disciplined minority bound by caucus decisions, a dozen persons have frequently succeeded in taking effective control of organizations with thousands of members.

4. SABOTAGE AND TERROR:

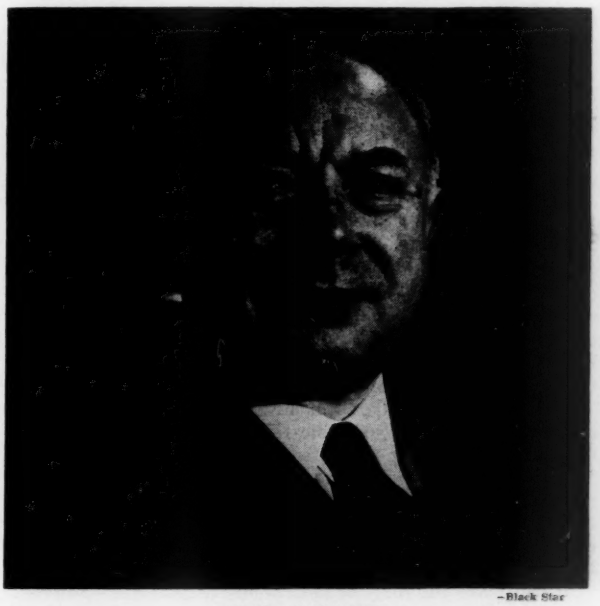
The use of these weapons in time of war is familiar, but its systematic use in peace-time is the great Communist innovation. In all free countries the main targets of infiltration are defense industries, communications, transport and police systems—all of which offer ample opportunity for mischief affecting a nation's security. Strikes at strategic points and strategic times, as well as overt physical sabotage, can slow up a country's preparations for defense or actual war-making capacity.

In regions where it is useful and feasible, the Communists do not disdain raw terror: incendiarism, kidnapping, assassination. A special research section of the MVD (Soviet secret police) is devoted to developing murder weapons, poisons and the like.

5. CIVIL STRIFE:

Internal discontents and economic crises are stimulated and then systematically exploited to produce inner disunity, chaos and actual civil insurrection. Guerrilla forces under professional military leaders are frequently reinforced by "volunteers" from outside.

Para-military formations, underground organizations of every variety in line with local conditions and opportunities,



—Black Star

DAVID SARNOFF

are standard techniques. Genuine grievances are channeled and exploited through local "nationalist" or "anti-colonial" and "anti-imperialist" movements, either started by the Communists or infiltrated and captured.

6. PREPARATION OF "CADRES":

In Soviet Russia and now in its colonial states there are schools and universities of revolution. Students, drawn from all countries, are taught the theory and practice of political warfare, sabotage, guerrilla operations, propaganda methods.

Virtually all heads of Red Satellite states and insurrectionary movements in Europe, Asia, Africa and Latin America are products of such institutions. Tito, Dictator of Jugoslavia; Ho Chi Minh, number one Communist of Indo-China; Rakosi, the top leader in Red Hungary; Bierut, President of Red Poland; Liu Shao-Chi, Vice President of Communist China, and General Liu Po-Cheng, one of the foremost military leaders of Red China. The same is true of many leaders of Communist Parties in non-Soviet countries.

. . . "Cold War is the main bout, total victory its goal"

The job of preparing *cadres* to implement the Cold War and to provide generalship for civil conflicts and other revolutionary actions has been going on since the 1920's. Even during the last war, while the Kremlin ostensibly was on terms of friendship with its allies, the training of leaders for revolutions in the allied countries was not slackened.

7. PREPARATIONS OF RESERVES:

The Communist high command does not depend only on the faithful Communists. It attaches great value to its peripheral "reserves"—groups of sympathizers or innocent collaborators willing to travel along the Communist road part of the distance. These are mobilized and brainwashed through the false-front organizations, United and Peoples Fronts, the spread (as required) of pacifist or neutralist sentiment doctrines of class struggle, belief in the "inevitable" collapse of capitalism and free societies.

In advanced countries like the United States, Britain, France, some segments of the so-called "intelligentsia" have proved especially vulnerable to Communist indoctrination. Not only their self-doubts and frustrations but their most generous idealistic instincts have been canalized and perverted to promote victory for the Soviets in the Cold War.

The turnover in these "reserves" is of course high. Fellow-travelers by the thousand are likely to become disillusioned with every new Soviet policy zigzag. But expert manipulation of public opinion serves to retrieve such losses.

8. TREACHEROUS DIPLOMACY:

In its Cold War operations the Kremlin enjoys the advantage of working on two levels—as a conventional State dealing with other states and as a conspiratorial movement embracing the whole globe. In its guise of "just another government" the Politburo can make promises and engagements which world Communism is under orders to violate.

Soviet diplomacy takes full advantage of the moral code and "political naiveté" of some free countries and especially of their eagerness for peace, sometimes peace at any price. It uses the threat of war as a species of blackmail, and is past master at playing off one country against another. It appeals to the profit motives of competitive economies, and in general exploits what it refers to as the "inner contradictions" of the free world.

It can make the most of amorphous slogans like "peaceful coexistence"—a phrase coined by Lenin, repeatedly used by Stalin and candidly defined in Communist literature as a "tactic" or "stratagem" to gain time, deploy forces, undermine enemy vigilance.

In the arena of foreign relations the Kremlin can blow hot or cold, inflame our fears or our hopes to any required temperature, and use trickery to induce its enemies to drop their guard. Its announcements of policy, negotiations and talk of negotiations, tourists to Red areas, artistic and cultural missions abroad—everything is grist for the Cold War mills.

The Communist high command recognizes no restraints, no rules of fair play, no codes of civilized behavior. It regards its great "historical mission" as a mandate which cancels out traditional values in the relations between man and man or country and country. In pursuance of that commitment it considers any cost in life and substance to be justified. A system of power which has not hesitated to "liquidate" millions of its own citizens cannot be expected to hesitate to wipe out lives anywhere else.

Moscow has brought one-third of the human race under its iron control by means short of a Hot War—by shrewd diplomacy, deception, propaganda, the blackmail of threats, fifth-column subversion, guerrilla forces and, where expedient, localized shooting wars. These political and psychological methods—the Cold War—have paid off, at smaller risk and infinitely lower cost than a Hot War would entail.

Accordingly they are being applied without stint to the conquest of the rest of mankind. For world Communism, with its high command in the Kremlin in Moscow, the Cold War is not a temporary or holding operation, nor a prelude to a Hot War. It is the main bout, the decisive offensive, conducted on an unlimited scale, with total victory as its goal.

In a decision of the U. S. Supreme Court (Vol. 339, May 8, 1950) an opinion written by the late Justice Robert H. Jackson stated the case against Communism in language that is clear and penetrating. He said:

"The goal of the Communist Party is to seize powers of government by and for a minority rather than to acquire power through the vote of a free electorate. . . .

". . . It purposes forcibly to recast our whole social and political structure after the Muscovite model of police-state dictatorship. It rejects the entire religious and cultural heritage of Western civilization, as well as the American economic and political systems. This Communist movement is a belated counter-revolution to the American Revolution, designed to undo the Declaration of Independence, the Constitution, and our Bill of Rights, and overturn our system of free, representative self-government.

"Goals so extreme and offensive to American tradition and aspiration obviously could not be attained or approached through order or with tranquility. If, by their better organization and discipline, they were successful, more candid Communists admit that it would be to an accompaniment of violence, but at the same time they disclaim responsibility by blaming the violence upon those who engage in resistance or reprisal. It matters little by whom the first blow would be struck; no one can doubt that an era of violence and oppression, confiscations and liquidations would be concurrent with a regime of Communism.

"Such goals set up a cleavage among us too fundamental to be composed by democratic processes. Our constitutional scheme of elections will not settle issues between large groups when the price of losing is to suffer extinction. When dissensions cut too deeply, men will fight, even hopelessly, before they will submit. And this is the kind of struggle projected by the Communist Party and inherent in its program.

". . .

"Violent and undemocratic means are the calculated and indispensable methods to attain the Communist Party's goal. . . . In not one of the countries it now dominates was the Communist Party chosen by a free or contestable election; in not one can it be evicted by any election. The international police state has crept over Eastern Europe by deception, coercion, *coup d'état,* terrorism and assassination. Not only has it overpowered its critics and opponents; it has usually liquidated them."

II. We Dare Not Lose the Cold War

If we ignore these facts, or do not counteract them effectively in good time, we shall lose the Cold War by default. For the United States and other free nations, defeat of this sort would be as catastrophic and as final as defeat in a

. . . "Penalty for losing Cold War will be enslavement"

shooting war. *Whether we freeze to death or burn to death, our civilization would be equally finished.*

Were the Communists willing to settle for a permanently divided world, each half pledged not to interfere with the other, they could readily arrange it. But they are not interested in a stalemate. In the nature of their ideology and worldwide apparatus of action, they must continue to drive relentlessly toward their ultimate objective. They are irrevocably dedicated to *winning* the Cold War. They *prefer* to attain world dominion by non-military means because:

(a) They consider themselves masters of Cold War techniques pitted against those whom they regard as amateurs; their chances of victory seem to them incomparably greater than in a conventional military showdown.

(b) Political warfare does not directly endanger their own territories, industry, manpower and above all, their mechanism of dictatorial power.

(c) Clear-cut victory in the Cold War would give them access to our technology and resources, our great cities and treasures, *intact* and ready for exploitation; whereas a military victory would give them only the ruins of nuclear devastation.

Now as in the past, they proceed in the conviction that they can gain world hegemony by methods that, in the phrase of Leon Trotsky, constitute "neither war nor peace." For Moscow, the real alternative to a nuclear showdown is not "peace" but political-psychological warfare of a magnitude to weaken, demoralize, chip away and ultimately take over what remains of the free world.

III. To Prevent a Hot War, We Must Win the Cold War

Political psychological offensives are not new. They have frequently been employed in war-time, to supplement ordinary military action. We used them ourselves in both world wars. Their purpose has been to soften up the enemy's will to resist, to win friends and allies in hostile areas, to drive wedges between belligerent governments and their citizenry.

The democracies are familiar with war-making in the normal military sense and hence do not hesitate to make huge investments and sacrifices in its name. They do not shrink from the prospect of casualties. All of that seems "natural." But they are startled by proposals for effort and risk of such dimensions in the life-and-death struggle with non-military means.

Under these circumstances it has become incumbent upon our leadership to make the country aware that nonmilitary or Cold War is also terribly "real"—that the penalty for losing it will be enslavement.

Hot War is always a possibility. It may come through force of circumstances even if no one wants it. Limited, localized wars are also a continuing threat. Nothing in this memorandum should be construed as a substitute for adequate military vitality. On the contrary, superior physical force in being is the indispensable guarantee for effective non-military procedures.

We must maintain our lead, and accelerate the tempo of progress, in the race for ascendancy in nuclear weapons, guided missiles, air power, early warning systems, electronic know-how, chemical and bacteriological methods of warfare. We must maintain adequate and well balanced forces for the ground, sea and air. These conventional military forces must be ready and capable of deterring or meeting an outbreak of peripheral or small-scale wars this side of a general showdown. They will be indispensable in a general war, if one should be fought without nuclear weapons. We must stockpile and protect the sources of vital strategic materials.

But short of a blunder that ignites the Third World War which nobody wants, the immediate danger is the debilitating, costly, tense war of nerves that is part of the Cold War. Because there is no immediate sense of overwhelming menace, no thunder of falling bombs and daily casualty figures, we are apt to think of this period as "peace." But it is nothing of the sort.

The primary threat today is political and psychological. That is the active front on which we are losing and on which, unless we reverse the trend, we shall be defeated. Its effects are spelled out in civil wars in parts of Asia, legal Communist Parties of colossal size in some European countries, "nationalist" movements under Communist auspices, "neutralism" and rabid anti-Americanism in many parts of the world—in pressures, that is to say, of every dimension and intensity short of a global shooting war.

Unless we meet this cumulative Communist threat with all the brains and weapons we can mobilize for the purpose, the United States at some point in the future will face the terrifying implications of Cold War defeat. It will be cornered, isolated, subjected to the kind of paralyzing fears that have already weakened the fibre of some technically free nations. We will have bypassed a nuclear war—but at the price of our freedom and independence. I repeat: *we can freeze to death as well as burn to death.*

OUR COUNTER-STRATEGY:

Logically we have no true alternative but to acknowledge the reality of the Cold War and proceed *to turn Moscow's favorite weapons against world Communism.* We have only a choice between fighting the Cold War with maximum concentration of energy, or waiting supinely until we are overwhelmed. Our political counterstrategy has to be as massive, as intensive, as flexible as the enemy's.

We must meet the Cold War challenge in our own household and in the rest of the world, and carry the contest behind the Iron and Bamboo Curtains. We must seek out and exploit the weak spots in the enemy's armor, just as the Kremlin has been doing to us these 30-odd years. We must make our Truth as effective and more productive than Moscow's Lie.

Our political strategy and tactics should be in terms of a major enterprise, on a scale for victory, with all the inherent risks and costs. We cannot fight this fight with our left hand, on the margin of our energies. We have to bring to its resources, personnel and determination to match the enemy's. This is a case where, as in a military conflict, insufficient force may be as fatal as none at all.

If obliged to make tactical retreats, moreover, we must not bemuse ourselves that they are enduring solutions. To do so would be to disarm ourselves and open ourselves to new and bigger blows. This is a principle of particular importance during intervals when negotiations with Moscow or Peking are being discussed or are in progress.

The question, in truth, is no longer *whether* we should engage in the Cold War. The Soviet drive is forcing us to take counter-measures in any case. The question, rather, is whether we should undertake it with a clearheaded determination to use all means deemed essential, by governments and by private groups—to win the contest.

Our counter-measures and methods must be novel, unconventional, daring and flexible. They must, moreover, be released from the inhibitions of peace-time, since it is peace only in outer forms.

Almost against our will, in point of fact, we have launched

. . . "Our potential fifth columns are greater than the enemy's"

more and more Cold War activities. But they have been piecemeal, on an inadequate scale and often without the all-important continuity of action. Worst of all, they have not been geared for total victory, being treated as extras, as harassment operations while hoping against hope that there will be no outbreak of war or that there will be a miraculous outbreak of genuine peace.

Our current posture shares the weakness inherent in all defensive strategy. The hope of a real compromise is a dangerous self-delusion. It assumes that Soviet Russia is a conventional country interested in stabilizing the world, when in fact it is the powerhouse of a dynamic world movement which thrives on instability and chaos.

Our duty and our best chance for salvation, in the final analysis, is to prosecute the Cold War—to the point of victory. To survive in freedom we must win.

THE ENEMY IS VULNERABLE:

The free world, under the impact of Moscow's Cold War victories, has tended to fix attention on Soviet strengths while overlooking or discounting Soviet weaknesses.

The Communists expertly exploit all our internal tensions, injustices and discontents. Yet within the Soviet empire the tensions are incomparably greater, the injustices and discontents more vast. Our opportunity, which we have failed to use so far, is to exploit these in order to undermine the Kremlin, exacerbate its domestic problems, weaken its sense of destiny.

The nature of a malady can be deduced from the medicine applied. In its fourth decade of absolute power, the Soviet regime is obliged to devote a major portion of its energies, manpower and resources to keep its own subjects and captive countries under control, through ever larger doses of terror. There we have the proof that the Communists have failed to "sell" their system to their victims.

Even a ruthless police-state does not maintain gigantic secret-police forces, special internal security armies, colossal networks of forced-labor colonies just for the fun of it. These are measures of self-defense against actual or potential internal oppositions. After all discounts are made for wishful thinking and error, ample evidence remains that in the Soviet sphere the West has millions of allies, tens of millions of potential allies.

Whether the potential can be turned into actuality, whether the will to resist can be kept alive and inflamed to explosive intensity, depend in the first place on the policies of the non-Soviet world. Our potential fifth columns are greater by millions than the enemy's. But they have yet to be given cohesion, direction and the inner motive power of hope and expectation of victory.

No one knows whether, let alone when, the internal Soviet stresses can reach a climax in insurrectionary breaks. It would be frivolous to count on such a climax. But we have everything to gain by promoting a spirit of mutiny, to keep the Kremlin off balance, to deepen existing rifts, to sharpen economic and empire problems for them.

For the purposes of our Cold War strategy it suffices that the potential for uprisings exists. Soviet economic conditions are bad, particularly in the domain of food production. Nations which used to be exporters of bread (Hungary, Poland, Russia itself) now lack bread for themselves. As Secretary of Agriculture Benson said recently: "Failure of the Soviet system to provide for the basic needs of its own people could be one of the most important historical facts of our time."

The Soviet peasants, still the overwhelming majority of the Kremlin-held populations, are everywhere bitter and restive. The Politburo knows that it cannot count implicitly upon the loyalty and allegiance of its subjects. At the same time it has failed utterly to assimilate the captive countries, so that it has no allies but only sullen colonial puppets.

In the last war the USSR fought on two fronts—against the foreign invaders and against its own people. There is reason to believe that Hitler's psychological blunders, in insulting and alienating the Russian peoples, helped save the Stalin regime from destruction by its own subjects. In the present Cold War, too, the USSR must maintain its fight against the Soviet citizenry, and at the same time deal with seething dissidence in the subjected countries.

The basic conditions for successful Cold War counter-strategy thus exist.

GUIDELINES FOR POLITICAL OFFENSIVE:

Our guiding objectives in an all-out political offensive are fairly obvious. They must include the following:

1. To keep alive throughout the Soviet empire the spirit of resistance and the hope of eventual freedom and sovereignty. If we allow that hope to expire, the Kremlin will have perpetuated its dominion over its victims.

2. To break the awful sense of isolation in which the internal enemies of the Kremlin live—by making them aware that, like the revolutionists in Tsarist times, they have devoted friends and powerful allies beyond their frontiers.

3. To sharpen by every device we can develop the fear of their own people that is already chronic in the Kremlin. The less certain the Soviets are of the allegiance of their people, the more they will hesitate to provoke adventures involving the risks of a major showdown.

4. To provide moral and material aid, including trained leadership, to oppositions, undergrounds, resistance movements in satellite nations and China and Russia proper.

5. To make maximum use of the fugitives from the Soviet sphere, millions in the aggregate, now living in free parts of the world.

6. To appeal to the simple personal yearnings of those under the Communist yoke: release from police terror, ownership of small farms and homes, free trade unions to defend their rights at the job, the right to worship as they please, the right to change residence and to travel, etc.

7. To shatter the "wave of the future" aura around Communism, displacing the assumption that "Communism is inevitable" with a deepening certainty that "the end of Communism is inevitable."

8. To inspire millions in the free countries with a feeling of moral dedication to the enlargement of the area of freedom, based on repugnance to slave labor, coerced atheism, purges and the rest of the Soviet horrors.

This inventory of objectives is necessarily sketchy and incomplete. But it indicates the indispensable direction of the Cold War effort.

IV. The Message of Freedom

We must be quite certain of our destination before we can begin to figure out means of transportation. There is little point in discussing the *how* of it until a firm decision for an all-out political-psychological counter-offensive is reached.

In Hot War, you need a *weapon* and means of *delivering* it to the target. The same is true in Cold War. The weapon is the *message;* after it has been worked out, we can develop the facilities for *delivering* it to the world at large and to the Communist-captive nations in particular.

The essence of that message (and its formulation is the

. . . "Our message: America has decided to win the Cold War"

critical first step) is that America has decided, irrevocably, to win the Cold War; that its ultimate aim is, in concert with all peoples, to cancel out the destructive power of Soviet-based Communism.

Once that decision is made, some of the means for implementing it will become self-evident; others will be explored and developed under the impetus of the clear-cut goal. Agreement on the problem must come before agreement on the solution.

"To be effective," as one student of the problem has put it, "our decision must be as sharp-edged and uncompromising as the Kremlin's; it must be spelled out as unequivocally as the Communists have done in the works of Lenin and Stalin and the official programs of the Comintern and Cominform."

Adjustment of our thinking in accord with such a decision to win the Cold War demands clarity on at least the following points:

1. The struggle by means short of general war is not a preliminary bout but the decisive contest, in which the loser may not have a second chance.

2. It must therefore be carried on with the same focused effort, the same resolute spirit, the same willingness to accept costs and casualties, that a Hot War would involve.

3. In order to establish credence and inspire confidence, our conduct must be consistent. Our philosophy of freedom must embrace the whole of mankind; it must not stop short at the frontiers of the Soviet sphere. Only this can give our side a moral grandeur, a revolutionary *élan*, a crusading spirit not only equal to but superior to the other side's.

4. We must learn to regard the Soviet countries as *enemy-occupied* territory, with the lifting of the occupation as the over-all purpose of freedom-loving men everywhere. This applies not only to areas captured since the war, but includes Russia itself. Any other policy would turn what should be an anti-Communist alliance into an *anti-Russian* alliance, forcing the Russians (as Hitler forced them during the war) to rally around the regime they hate.

5. The fact that the challenge is global must be kept clearly in view. Red guerrillas in Burma, Communists in France or the U. S., the Huks in the Philippines, Red agents in Central America—these are as much "the enemy" as the Kremlin itself.

6. We must realize that world Communism is *not* a tool in the hands of Russia—Russia is a tool in the hands of world Communism. Repeatedly Moscow has sacrificed national interests in deference to world-revolutionary needs. This provides opportunities for appeals to Russian patriotism.

7. Though the Soviets want a nuclear war no more than we do, they accept the risk of it in pushing their political offensive. We, too, cannot avoid risks. (It might become necessary, Mr. Dulles said recently, "to forego peace in order to secure the blessings of liberty.") The greatest risk of all, for us, is to do less than is needed to win the Cold War. At worst that would mean defeat by default; and at best, a situation so menacing to the survival of freedom that a Hot War may become inevitable.

Our present lead in the possession of nuclear weapons and the ability to use them may be matched by the Communists in the next few years. This is the view expressed by competent statesmen, scientists and military experts. If and when nuclear parity is reached, the enemy's fanatics (and there may be a powerful madman—a Hitler—among them) might be tempted to use them against us by throwing a sneak punch. Since our policy is not to throw the first nuclear punch but only to retaliate if it is thrown against us, we may find as more horror-weapons are unfolded, that to yield to the enemy the initiative of the first offensive punch, is tantamount to national suicide. All this further emphasizes the vital need for winning the Cold War and preventing a Hot War.

V. Toward Cold War Victory

1. ORGANIZATION:

An organizational framework for fighting the Cold War already exists. It needs to be adjusted and strengthened in line with the expanded scale and intensity of operations.

A Strategy Board for Political Defense, the Cold War equivalent of the Joint Chiefs of Staff on the military side, is suggested. It should function directly under the President, with Cabinet status for its Head. Top representatives of the State Department, the Defense Department, the Central Intelligence Agency, the U. S. Information Agency, should sit on this Board. Liaison on a continuous basis should be maintained with all other agencies which can play a role in the over-all effort.

There will be various operations which the Board would undertake in its own name, with its own facilities. But its primary function should not be operational. It should be to plan, initiate, finance, advise, coordinate and check on operations by other groups and agencies, whether already in existence or created by the Board for specific undertakings.

One cannot, however, be too specific at this point about the organizational forms. John Foster Dulles wrote in 1948:

> "We need an organization to contest the Communist Party at the level where it is working and winning its victories. . . . We ought to have an organization dedicated to the task of non-military defense, just as the present Secretary of Defense heads up the organization of military defense. The new department of non-military defense should have an adequate personnel and ample funds."

2. FINANCING:

On the matter of funds, likewise, one cannot at this stage offer specific estimates. But let us recall that appropriations over the past four years for our Military Defense averaged approximately 45 billion dollars annually. *In contrast, it is significant to note that for the fiscal year 1955 the total appropriation for the U. S. Information Agency was 79 million dollars, of which 17 million dollars is available for the world-wide activities of the Voice of America.*

As a working hypothesis it is suggested that a specific and more realistic ratio between military and non-military appropriations be worked out: say an amount equivalent to 5 or 7½ per cent of Military Defense appropriations to be granted to the Strategy Board for Political Defense—this, of course, without reducing the military budget and not counting foreign military aid and Point Four types of expenditure.

I am convinced that if the American people and their Congress are made fully aware of the menace we face, of the urgent need for meeting it, and the possibility of doing so by means short of war, they will respond willingly as they have always done in times of national crisis. They will realize that no investment to win the Cold War is exorbitant when measured against the stakes involved, and against the costs of the bombing war we seek to head off.

3. IMPLEMENTING THE COUNTER-OFFENSIVE:

We must go from defense to attack in meeting the political, ideological, subversive challenge. The implementation of the

. . . "We must have specialists to fight a Cold War"

attack would devolve upon specialists and technicians. In gearing to fight a Hot War, we call in military strategists and tacticians. Likewise, we must have specialists to fight a Cold War.

This implies in the first place the mobilization of hard, knowledgeable anti-Communists who understand the issues and for whom it is not merely a job but a dedication. *The specialist in communications is important; but the message to be communicated is even more important.*

The main weakness of our efforts to date to talk to the masses—and even more so to the elite groups (Army, intelligentsia, etc.)—in the Soviet camp is that we have not always been *consistent* in what we had to say to them. Our message has been vague and subject to change without notice. As long as we regard Communist rule as permanent, we can have no strong psychological bridges to those who are under its yoke. The only free-world goal that is relevant to them is one that envisages their eventual emancipation.

With the formulation of a message, we will at last have something to say that interests *them*, not only *us*, and can devote ourselves to perfecting the means of delivering the message.

Before essaying a breakdown of Cold War methods and techniques, *we should recognize that many of them are already being used, and often effectively. Nothing now under way needs to be abandoned. The problem is one of attaining the requisite magnitude, financing, coordination and continuity—all geared to the long-range objectives of the undertaking. The expanded offensive with non-military weapons must be imbued with a new awareness of the great goal and a robust will to reach it.*

No outline such as follows can be more than indicative. Operations are necessarily related to current developments and opportunities opened up by events.

In all categories the arena of action is the whole globe. Our Cold War targets are not only behind the Iron and Bamboo Curtains, but in every nation, the United States included. *In the battle for the minds of men, we must reach the Soviet peoples, our allies, and the uncommitted peoples.*

The agencies involved will be both official and private. The objectives must aim to *achieve dramatic victories* as swiftly as possible, as a token of the changed state of affairs. While the Kremlin has suffered some setbacks and defeats, its record in the Cold War has been strikingly one of success piled on success. This trend must be reversed, to hearten our friends, dismay the enemy, and confirm the fact that Communist Power is a transient and declining phenomenon.

4. PROPAGANDA:

If the weapon is our Message, one of its basic elements is propaganda. It is the most familiar element, but we should not underestimate its inherent difficulties. Hot War is destructive: the killing of people, the annihilation of material things. Cold War must be constructive: it must build views, attitudes, loyalties, hopes, ideals and readiness for sacrifice. *In the final check-up it calls for greater skills to affect minds than to destroy bodies.*

Propaganda, for maximum effect, must not be an end in itself. It is a preparation for action. Words that are not backed up by deeds, that do not generate deeds, lose their impact. The test is whether they build the morale of friends and undermine the morale of foes.

No means of communication should be ignored: the spoken word and the written word; radio and television; films, balloons and missiles to distribute leaflets; secret printing and mimeographing presses on Soviet controlled soil; scrawls on walls to give isolated friends a sense of community.

5. COMMUNIST TARGETS:

The Communist sphere must be ringed with both fixed and mobile broadcasting facilities, of a massiveness to overcome jamming. The Voice of America will acquire larger audiences and more concentrated impact under the new approach. *Its name, it is suggested, should be expanded to "Voice of America—for Freedom and Peace."* This slogan added to the name will, through constant repetition, impress the truth upon receptive ears.

Besides the official voice, we have other voices, such as Radio Free Europe and Radio Liberation. There are other popular democratic voices that should make themselves heard: those of our free labor movement, American war veterans, the churches, youth and women's organizations.

Already there is a minor flow of printed matter across the Iron Curtain, especially aimed at the Red occupation forces. The volume and effectiveness of this effort can be enormously enlarged. Magazines and newspapers which outwardly look like standard Communist matter, but actually are filled with anti-Communist propaganda, have brought results.

A greater hunger for spiritual comfort, for religion, is reported from Soviet Russia and its satellites. Programs of a spiritual and religious character are indicated. They should preach faith in the Divine, abhorrence of Communist godlessness, resistance to atheism. But in addition they can offer practical advice to the spiritually stranded—for instance, how to observe religious occasions where there are no ordained ministers or priests to officiate.

The enslaved peoples do not have to be sold the idea of freedom; they are already sold on it. The propaganda should wherever possible get down to specifics. It should expose the weaknesses, failures, follies, hypocrisies and internal tensions of the Red masters; provide proof of the existence of friends and allies both at home and abroad; offer guidance on types of resistance open even to the individual. It should appeal to universal emotions, to love of family, of country, of God, of humanity.

6. FREE-WORLD TARGETS:

The fighting front is everywhere. The program of the U. S. Information Agency should be reappraised with a view to improvement and expansion. "The Voice of America—for Freedom and Peace" has tasks to perform in many nations of the free world second in importance only to those in the unfree world.

Merely to point up the inadequacy of our present effort, consider Finland—a country on the very edge of the Red empire and under the most concentrated Soviet propaganda barrage. Soviet broadcasts beamed to Finland total over 43 hours weekly. A television station is now being built in Soviet Estonia which will be directed to a million potential viewers in nearby Finland. To maintain their morale under this pressure, the Finnish people, still overwhelmingly pro-West and pro-American, have desperate need of our encouragement. Yet the Voice of America in 1953 was compelled to discontinue its daily half-hour broadcast to Finland to save $50,000 annually.

We need in every country, newspapers; magazines; radio and TV stations, consciously and effectively supporting our side. Those that exist should be aided materially to increase their range and vitality; others should be started with our help. The strongest individual anti-Communist voices must

. . . "Uprisings attest that insurrection is possible"

be provided with better facilities for making themselves heard in their own countries.

Mobile film units are already penetrating backward areas. The operation should be enlarged, its message and appeal perfected. In addition, mobile big-screen television units in black-and-white and in color can carry our message. Their very novelty will guarantee large and attentive audiences. Vast regions in Asia and elsewhere, where illiteracy bars the written word and lack of radios bars the spoken word, could thus be reached. To quote the Chinese saying: "One picture is worth ten thousand words."

The so-called backward parts of the world, particularly Asia, are under the most concentrated Communist psychological attacks. Of necessity the counter-offensive must take this into account, and develop special techniques for reaching both the masses and the elite of those areas.

7. RADIO RECEIVERS AND PHONOGRAPHS:

Mass production of cheap and light-weight receivers tuned to pick up American signals are now feasible. They should be made available by the million at cost or gratis, as expedient, to listeners in critical areas and behind the Iron Curtain.

There are millions of persons in the world who do not have electric power receptacles, electron tubes, batteries or any of the electrical and mechanical marvels which the free world has and takes for granted. A simple, hand-operated phonograph device costing no more than a loaf of bread, could be produced in quantities and supplied gratis to millions of persons living behind the Iron and Bamboo Curtains and in other critical areas.

An unbreakable and intelligible record, made of cardboard and costing less than a bottle of Coca-Cola, could carry our messages to these people. Such records could be dropped from the sky like leaflets and the messages they carried could not be jammed.

8. USE OF FACILITIES IN FRIENDLY COUNTRIES:

Nearly all European and many Asian countries possess broadcasting facilities. We should seek to enlist their use to supplement and intensify American broadcasting on a world-wide scale.

In some cases this could be negotiated on a *quid pro quo* basis where we are providing military or economic aid, in other cases we may have to buy the necessary time for transmitting our message. Our friendly allies, such as Great Britain, have vast short-wave facilities of world-wide scope and range and have the same reasons as we have for seeking to win the Cold War. *We need their help in this field. We are fully justified in asking for such help and ought to receive it.*

Propaganda is a large concept. In a sense it includes and exploits all other activities. Its successful use calls for imagination, ingenuity, continual technical research and, of course, effective coordination with all other operations that bear on the problems of the Cold War.

9. PASSIVE RESISTANCE:

Pending the critical periods when active resistance in one or another Soviet country is possible and desirable, full encouragement and support must be given to passive resistance. This refers to the things the individual can do, with minimum risk, to create doubt and confusion in the ranks of the dictatorship, to gum up the machinery of dictatorship government.

The worker in the mine and factory, the farmer, the soldier in the barracks, the office worker are able to do little things that in their millionfold totality will affect the national economy and the self-confidence of the rulers. It is the method that comes naturally to captive peoples, especially in countries with a long historical experience in opposing tyrants.

Our opportunity is to give the process purposeful direction. In this concept the individual opponent of the regime becomes a "resistance group of one." He receives, by radio and other channels, specific suggestions and instructions. The tiny drops of resistance will not be haphazard, but calculated to achieve planned results.

Special action programs of the type that do not require large organization—or at most units of two or three—would be worked out and transmitted. Our sympathizers in the Soviet orbit would feel themselves part of an invisible but huge army of crusaders. Symbols of protest would appear on a million walls. The rulers' morale would be deliberately sapped by a multitude of actions too small, too widespread, to be readily dealt with.

The special value of passive resistance, aside from its direct effects, is that it nurtures the necessary feeling of power and readiness for risk and sacrifice that will be invaluable when the passive stage is transformed into more open opposition.

10. ORGANIZED RESISTANCE:

Pockets of guerrilla forces remain in Poland, Hungary, the Baltic states, China, Albania and other areas. There is always the danger of activating them prematurely. But their existence must be taken into the calculations and, in concert with exiles who know the facts, they must be kept supplied with information, slogans and new leadership where needed and prudent.

Many of these resistance groups are so isolated that they do not know of each other's existence. The simple realization that they are not alone but part of a scattered network will be invaluable; methods for establishing liaison, for conveying directions, can be developed.

11. INSURRECTIONS:

The uprisings in East Germany, the strikes and riots in Pilsen, Czechoslovakia, the dramatic mutinies inside the concentration camps of Vorkuta in the Soviet Arctic, are examples of revolutionary actions that failed. But they attest that insurrection is possible.

We must seek out the weakest links in the Kremlin's chain of power. The country adjudged ripe for a breakaway should receive concentrated study and planning. A successful uprising in Albania, for instance, would be a body blow to Soviet prestige and a fateful stimulus to resistance elsewhere. (That little country is geographically isolated, ruled by a handful of puppets; able leadership is available in the Albanian emigration.)

Eastern Germany is among the weakest links. Its revolt would ignite neighboring Czechoslovakia and Poland. The time to prepare for such actions is now—whether the time to carry them out be in the near or distant future. Meanwhile we must not allow the Soviet propaganda to make unification appear as the Communists' gift to the Germans. It is a natural asset that belongs to West Germany and her allies.

12. COLLABORATION WITH EMIGRES AND ESCAPEES:

Tens of thousands of self-exiled fugitives from Communist oppression emerge eager to plunge into movements for

. . . "We need schools for training cadres for the Cold War"

the freeing of their homelands. When they fail to find outlets for their zeal, disillusionment and defeatism set in.

Maximum exploitation of this manpower and moral passion is indicated. They must be drawn into specific, well-organized, well-financed anti-Communist organizations and activities; utilized for propaganda and other operations; enabled, in some cases, to return to their native lands as "sleeper" leaders for future crises.

Officers' corps of emigres can be formed: perhaps groups of only a score to a hundred, but available for emergency and opportunity occasions. The existence of such nuclei of military power—a fact that will be widely known—should help generate hope and faith among their countrymen back home.

13. PLANNED DEFECTION:

Escapees have come, and will continue to come, spontaneously, now in trickles, other times in rivers. Beyond that the need is to stimulate defection on a selective basis. Individual "prospects" in Soviet missions and legations, in Red cultural and sports delegations, can be carefully contacted and developed. Types of individuals needed to man Cold War undertakings will be invited to escape, assured of important work. Special approaches can be worked out to encourage defection of border guards, Army officers, secret-police personnel disgusted by their bloody chores, scientists, important writers, etc.

Escapees today are often disheartened by their initial experience. They are taken into custody by some foreign Intelligence Service, pumped for information, and sometimes then left to shift for themselves. Their honest patriotism is offended by the need to cooperate with foreigners before they are psychologically ready for it.

It is suggested that emigre commissions be set up, composed of trusted nationals of the various countries. The fugitive would first be received by the commission of his own countrymen. Only when found desirable and prepared for the step, would he be brought into contact with American or British agencies.

14. TRAINING OF CADRES:

The immediate and prospective activities of the Cold War offensive will require ever larger contingents of specialized personnel for the many tasks; to provide leadership for resistance operations; to engage in propaganda, subversion, infiltration of the enemy; even to carry on administrative and civic work *after* the collapse of Communist regimes in various countries, in order to stave off chaos.

Already, limited as our political efforts are, there is a shortage of competent personnel. Meanwhile thousands of younger men and women among the emigres are being lost to factories, farms, menial jobs. This amounts to squandering of potentially important human resources.

We need a network of schools and universities devoted to training *cadres* for the Cold War. The objective is not education in a generic sense, but specific preparation for the intellectual, technical, intelligence and similar requirements of the ideological-psychological war.

This training, of course, should not be limited to people from the Soviet areas. A sort of "West Point" of political warfare—analogous to the Lenin School of Political Warfare in Moscow—might be established. Staffed by the ablest specialists obtainable, it would seek out likely young people willing to make the struggle against Communism their main or sole career.

The present "exchange of persons" program is clearly valuable. Hundreds of foreign students go back home with a better and friendlier understanding of America. But beyond that, it is possible and necessary to educate invited young people from abroad, carefully selected, along lines of more direct and specialized value to the Cold War effort.

In a sense these shock troops of democracy would be like the "professional revolutionaries" on the Communist side. They would be equipped to operate openly or as secret infiltrees wherever the enemy's assaults need to be neutralized. Trained anti-Communists from Asian areas, dedicated and knowledgeable, would be available for countries under Red pressure, as today in Southeast Asia; Latin Americans, Europeans, would serve similar functions in their respective regions.

Thus, from a largely amateur enterprise, our counter-offensive would gradually be transformed into a professional undertaking.

15. CAMPAIGNS BY SPECIAL GROUPS:

An American trade union in the clothing field played a major role in preventing Communist victory in the Italian elections in 1948. The International Confederation of Free Trade Unions (in which both the A. F. of L. and the C. I. O. are active) is conducting important psychological drives in many countries and offsetting the mischief worked by the Moscow-controlled labor international.

Speaking as workers to workers, trade unionists have a legitimate approach to the laboring masses in the Soviet sphere. They have a special justification for exposing and publicizing forced labor, onerous laboring conditions and laws, phony totalitarian "trade unions."

In many countries—France and Italy, for instance—there are competing Communist-controlled and democratic unions. Free labor of all countries can throw its moral and material support to the anti-Communist federations. It can take the lead in breaking Moscow's grip on influential segments of world labor.

Corresponding political campaigns should be mounted on a telling scale by other non-official, popular groups: farmers' organizations and peasant unions would concentrate on the evils of Red collectivization; great church groups on the immoral and atheistic aspects of Communist theory and practice; youth organizations on the perversion of youth under Communism, etc.

The scope of such focussed group and class appeals is enormous. Some of them are being made already, but without the coordination of effort and continuity of impact that is called for.

What a specialized group can achieve has been demonstrated by the society of Free Jurists in West Berlin, which indicts and condemns *in absentia* persons guilty of Communist crimes. Its work is sowing the fear of retribution in East Germany. Radio Free Europe has made successful forays of the same order—identifying brutal officials, exposing Red agents, etc. But the surface has only been scratched in this type of psychological pressure.

VI. Diplomacy Is a Weapon

The Kremlin treats foreign affairs as a primary arena of ideological and psychological effort. It makes moves on the diplomatic chessboard for their propaganda impact: to rally its friends in the outside world, to win over a particular element in some country, to embarrass its opponents. In the measure that democratic diplomacy fails to do likewise, it is

. . . "We must mobilize world opinion against Soviet crimes"

defaulting in a vital area of the Cold War. Let us bear in mind:

1. Day to day conduct of foreign affairs is pertinent to the struggle for men's minds. The rigid observance of protocol, in dealing with an enemy who recognizes none of the traditional rules, can be self-defeating. We must make proposals, demands, exposés, publications of official documents, etc. that are carefully calculated to show up the true motives of the Kremlin, to put a crimp in Moscow political campaigns, to mobilize world opinion against Soviet crimes and duplicities.

For ten years we have made one-shot protests against Soviet election frauds in satellite countries, against violations of treaties and agreements, against shocking crimes in areas of Human Rights as defined by the U. N. Charter. The archives are packed with these documents. These should be followed up through consistent publicity, renewed protests, etc.

Even when nothing practical can be immediately accomplished, the facts of slave labor, genocide, aggressions, violations of Yalta, Potsdam and other agreements must be kept continually before the world. Diplomacy must champion the victims of Red totalitarianism without let-up. At every opportunity the spokesmen of free nations should address themselves to the people in the Soviet empire over the heads of their masters; to the people of free countries in terms of universal principles of morality and decency.

2. The measures of reciprocity should be strictly applied to Soviet diplomats, trade and other representatives. These should enjoy no more privileges, immunities, access to information than is accorded to free-world representatives in Communist lands. Even socially they should be made aware of their status as symbols of a barbarous plexus of power. The desire to belong, to be respectable, is by no means alien to Red officialdom.

3. Economic leverages, too, must be applied. Trade can be turned into a powerful political weapon. The stakes are too high to permit business-as-usual concepts to outweigh the imperatives of the Cold War. Where acute distress develops in a Communist country, our readiness to help must be brought to the attention of the people as well as their bosses. If and when food and other relief is offered, it must be under conditions consistent with our objectives—to help the victims, not their rulers.

4. In virtually all countries outside the Communist sphere there are large or small organizations devoted to combatting Communism, at home or abroad or both. There is little or no contact among such groups—no common currency of basic ideas and slogans, no exchange of experience. Without at this stage attempting to set up a world-wide anti-Communist coalition, or Freedom International, we should at least facilitate closer liaison and mutual support among anti-Soviet groupings already in existence.

VII. Summary

No claim is implied that the foregoing outline is complete, or that all of it can or ought to be launched at once. The program here suggested should not be judged on the basis of this or that specific proposal but on the over-all concept and its underlying philosophy. As a practical matter, methods flow from correct policies, the availability of funds and trained manpower, the existence of leadership and organization prepared to take advantage of unfolding events. —*Summarized, my observations and conclusions are;*

1. We are in the midst of a Cold War which the Communists are prosecuting vigorously on all fronts in an unswerving determination to win.

2. We dare not lose this Cold War, because defeat may be as fatal as would defeat in a Hot War. We can freeze to death as well as burn to death.

3. Our best and surest way to head off a Hot War is to win the Cold War which is already in full blast all over the world. But for the reasons mentioned, such as insufficient funds and inadequate tools, our efforts in this decisive field are strikingly little compared with the enemy's and are wholly inadequate to achieve victory. We must meet the political-psychological challenge of world Communism fully and on a scale geared to winning the struggle.

4. We should organize our efforts to win the Cold War on a basis comparable to our organization for winning a Hot War which we seek to prevent. To this end it is recommended that a Strategy Board of Political Defense (or some other suitable name) be set up to function as the Cold War equivalent of the Joint Chiefs of Staff, on the military side. Top representatives of the State and Defense Departments, C.I.A. and U.S.I.A., should be members of this Board. Its activities must be effectively coordinated with all Departments and Agencies of our Government concerned with this effort. This new Strategy Board should function directly under the President and its Head should have Cabinet status.

5. Our decision to win the Cold War should be communicated to the entire world as a fixed goal of American policy. This will not rule out conventional relations on the governmental level, where the Kremlin, too, functions despite its clear commitment to world revolution.

6. The American public should be made promptly and fully aware of the nature of the present Cold War, the importance of our winning it, the costs and sacrifices that this may entail. The significance and urgency of the problem should be conveyed to the American people, through discussion over Radio, TV, and in the Press.

7. The idea of our determination to win the Cold War must be presented for what it actually is: a project that can be carried through successfully and thereby prevent a general war that could force a devastating nuclear showdown. Once grasped, this prospect would help to offset the fears and frustrations generated in the public mind by constant emphasis on the horrors of Atomic War. The alternative presented, is understandable and hopeful. Instead of concentrating on the perils of defeat, we can dwell on the prospects for victory.

8. Key leaders in Congress should be drawn into the philosophy and purposes of the Cold War counter-offensive from the outset. No program of the scope suggested here can be undertaken and executed without adequate funds that only Congress can appropriate. In addition to legislative support the Congress can aid immeasurably by stimulating united, patriotic effort as complete and non-partisan as in a Hot War.

9. To wrest from the Communists the advantages they gain through constant use in their propaganda of the appealing word "peace"—while casting us in the role of "war-mongers"—it is recommended that the present name of the "Voice of America" be extended to the "Voice of America—for Freedom and Peace."

10. Our Diplomacy should be used as a weapon against World Communism and our Message to their captive peoples should contain the hope for their eventual freedom. Our Message of Truth should tell the world the truth about Communist objectives, methods and practices as well as the truth about ourselves.

(This page presents the opinion of the Editor. The news pages are written by other staff members independently of these editorial views.)

THE GERMAN DILEMMA

BY DAVID LAWRENCE

AT BONN, GERMANY

GERMANY, DEFEATED TEN YEARS AGO and accepted now as a full-fledged ally in the common defense against a new enemy, presents a dilemma unparalleled in all history.

For the German people, bitterly opposed as they are today to militarism, did not wish to build another national army, but their new allies insisted upon it.

Germany did not desire to add to the burdens of economic reconstruction by using for rearming tax money that should be spent to remove the rubble of her bombed-out cities.

But the German people, by their repeated votes of confidence in the policies of Chancellor Adenauer, recognize that their destiny lies with the Western democracies and that the defense program of the North Atlantic Treaty Organization is essential as a deterrent force in the world.

So Germany reluctantly will rearm as a vigilant eye is fixed on any militaristic tendencies inside Germany such as brought tragedy before, and a watchful eye is focused on East Germany, whose return to the motherland is an aspiration that no political party can afford to ignore.

At what price, however, shall reunification be obtained? Shall it leave a reunited Germany, without an army, at the mercy of a militarized Russia whose promises of respect for a neutralized Republic must be regarded with misgivings?

Shall Germany accept "neutralization" and rely on the West to come to her rescue if Russia some day decides on an aggressive policy and again tears up treaties as she has done in the past?

Obviously there is no place for American divisions to be strategically placed in Europe if they must be removed from Germany in order to acquiesce in the neutralization program proposed by the Russians.

What, to be sure, are the German political leaders saying? Some of them declare that there must be a friendly attitude toward Moscow on the diplomatic side and that the Big Four conference must not make the mistake of laying down conditions in advance which will hurt a possible agreement. Others are suggesting that a broad plan of European security to include the Russians and to reorganize the whole concept of the North Atlantic Treaty Organization is necessary. This is the line taken by the opposition party—the Socialists—not because at heart they think it will work but because it furnishes a good political platform for the present.

Then there is the viewpoint of the Adenauer Administration, which has a two-thirds majority in the national parliament and which, judging by elections held since the signing of the Austrian treaty by Russia, is strongly supported by the voters of Germany.

The Adenauer Cabinet feels that the neutralization of Austria presents no parallel opportunity for Germany and that this country must line up with the West. Hence the problem is viewed not as something for Germany alone to decide but for the Western nations to consider in close cooperation with Germany and in full recognition of the internal political issue raised by Russia's new tactics in the "cold war."

The German people are sick of war, sick of militarism, and sick of the excessive nationalism that brought them disaster. They talk freely in the press about European unity on the political as well as the economic front, and they regard the French people and the British people as holding the fate of Germany in their hands as much as do the Americans. The thoughts of their leaders turn often toward a federated Europe and a free Europe. They have no illusions about any European security plan that depends on the whim of the dictators in Moscow.

Everyone in the Cabinet and in the parliamentary leadership with whom this writer talked agrees that the most critical time in the "cold war" lies ahead, that it will require courageous statesmanship in the West to avoid being entrapped in Soviet schemes.

There is, of course, a temptation to depart from principle and rely on expediency and to substitute wishful thinking for realistic analysis. Underneath is the strongest urge toward peace and away from war that any nation could experience.

To survey the destruction of homes and buildings and to see the many armless and legless veterans and the women and children in wheelchairs—victims of the bombings—is to understand what an anti-war sentiment exists here even as the call to build a national army has come once more. This call comes, however, from the victors in the war who have been aroused by the faithlessness of one of their former allies.

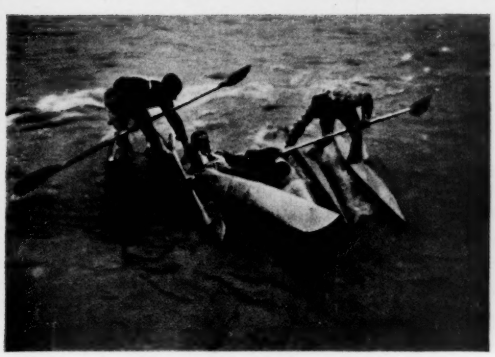
It is a time of paradox and contradiction, and the way out is not yet visible. For physical force is seen as the only deterrent because moral force has not yet been mobilized to persuade the peoples of Soviet Russia and Red China to restrain their errant governments as they still seek the conquest of Europe and Asia.

Austria's white-water skiing left me

black and blue

1 **"You've got to keep your head** to keep your feet in Austria's warm-weather version of downhill skiing," writes an American friend of Canadian Club. "One false move can mean a ducking or worse in the sport invented by Austrian ski champ Harald Strohmeier. First called 'skiyaking' by a U. S. cameraman, the name has stuck. But after a bruising upset in a race down the Salzach River, I didn't call it skiyaking—I called it quits!

2 **"Skiyaking's gear** includes 'skis,' plastic balloons to keep them afloat and bindings that release in emergencies. The big danger, Strohmeier warned, is being dashed against rocks by the current.



3 **"A spill cooled me off** on skiyaking. Before I'd gone 30 yards, a tricky cross-current dumped me into the icy, glacier-fed torrent. Strohmeier and a friend were at my side in seconds, but not before that numbing mountain water had battered me against a boulder midstream.

4 **"Austria's hospitality** is as warm as her waters are cold. At the Gasthaus Barbarahof near the great castle at Werfen, it even included Canadian Club!

5 **"Wherever the rivers run white** you find skiyak enthusiasts. Among them, as among people everywhere, you find Canadian Club a favorite."

Why this worldwide popularity? Canadian Club is *light* as scotch, *rich* as rye, *satisfying* as bourbon. Yet it has a distinctive flavor that is all its own. You can stay with Canadian Club all evening long . . . in cocktails before dinner, and tall ones after. There is *one* and *only one* Canadian Club, and *no other* whisky tastes quite like it in all the world.

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